FBIS DAILY REPORT

CONTENTS

Latin America

Vol VI No 93 *12 May 1978*

ARGENTINA

Martinez de Hoz Outlines Economic Recovery Measures	B 1	1/A6
Police Disarm Bomb Near U.S. Embassy	B 7	1/A12
Foreign Minister Montes Remarks on Moro's Death	B 8	1/A13
UCR's Alfonsin Says Activities To Resume in Future	B 8	1/A13
Economy Ministry Announces GNP, Cost of Living Figures [HERALD 9 May]	B 8	1/A13

BOLIVIA

Radio Fides Poll Shows Pereda Leading in La Paz	C 1	1/A14
Cochabamba Rights Assembly Criticizes Regime [PRESENCIA 8 May]	C 1	1/A14

BRAZIL

U.S. Complaints of 'Protectionism' Draw Reaction [JORNAL DO BRASIL 10 May]	D 1	1/B1
Simonsen Says Foreign Loans May Be Frozen Again	D 2	1/B2
High-Ranking Officers 'Confirm' Contacts With MDB [O ESTADO DE SAO PAULO 10 May]	D 2	1/B2
MDB's Guimaraes Disavows Role in Talks With Army [JORNAL DO BRASIL 10 May]	D 3	1/B3
Economic Council Approves Emergency Drought Financing	D 3	1/B3
President Releases Credit	D 4	1/B4
Crop Loss Predicted	D 4	1/B4
Fishing Agreement Signed With Trinidad-Tobago [O GLOBO 9 May]	D 4	1/B4
Newsmen Again Question Figueiredo on Letters	D 5	1/B5
Figueiredo Concerned by Divisions Within ARENA	D 6	1/B6
Rio de Janeiro Prisoners End Hunger Strike	D 6	1/B6
Briefs: Wheat Imports; Sales in Nigeria; Brazilian Steelmaking Equipment; EMBRAER Sells Planes; Loan for Shipbuilding; Shell Accepts Technical Aid; Shell To Continue Prospecting; Drought in Parana State; MDB Regional Convention; Solar Energy Plant; Grain Ships to PRC	D 6	1/B3

COLOMBIA

More Disturbances Over Fare Increases Reported	F 1	1/B8
Student Protests in Medellin	F 1	1/B8
Disturbances in Cali, Pie de Cuesta	F 1	1/B8
Further Protests	F 1	1/B8
More Violence Reported	F 2	1/B9

PARAGUAY

National Nuclear Research Program Described [ABC COLOR 6 May]	H 1	1/B11
Importance of U.S. Market to Drug Traffic Noted [PATRIA 7 May]	H 2	1/B12
Briefs: Microwave Net; Nuclear Commission Appointed; British Credit Agreement; Labor Defense Committee Created; Israeli Embassy To Close	H 3	1/B13

PERU

U.S. Support Noted During Radbill-Vance Meeting J 1 1/B14
Radbill Discusses Finances With Blumenthal J 1 1/B14
Police Break Up Lima Teachers Demonstration J 1 1/B14
Results of Peruvian-Chilean Cooperation Meeting [EXPRESO 7 May] J 2 1/C1
President Morales Comments on Various Issues J 2 1/C1
Bolivia's Landlocked Problem J 2 1/C1
Relations With Bulgaria J 3 1/C2
Border Integration With Ecuador J 3 1/C2
Petroleum Production Registers Increase [EXPRESO 7 May] J 4 1/C3
Agriculture Minister Reveals Request for Aid Loan J 4 1/C3
Nationwide Voting Results To Be Released 14-15 June J 5 1/C4
Mining Bank To Be Reorganized J 5 1/C4
Briefs: Air Force Chief Returns; Pipeline Declared Security Area; Note to Czechoslovakia; Dock To Be Expanded J 5 1/C4

VENEZUELA

Mines Ministry Reports 1977 Oil Export Picture [EL NACIONAL 5 May] L 1 1/C5

MEXICO

Lopez-Portillo Authorized To Visit USSR, Bulgaria M 1 1/C6
September League Members, Police Clash in Monterrey M 1 1/C6

PANAMA

Student Leader Calls for Purge of Government N 1 1/C7
First Phase of Oil Explorations Unsuccessful N 1 1/C7
Briefs: New Salvadoran Ambassador; Copper Mining Study; Delegation to Cuba; Polish Scholarship; Malaria Figures N 2 1/C8

CENTRAL AMERICA

COSTA RICA

Foreign Minister Discusses Fishing Issue, Sandinists P 1 1/C9

EL SALVADOR

President Romero May Make Visit to Chile P 2 1/C10
Popular Action Front Calls Off Red Cross Sit-in P 2 1/C10

NICARAGUA

Foreign Ministry Reports Departure of Asylees [NOVEDADES 9 May] P 3 1/C11
Radio Mundial Reopened After 15-Day Closure P 3 1/C11
Parents, Students Report Reprisals Against Students P 3 1/C11

CUBA

Continued Reportage on Congolese Delegation	Q 1	1/C12
Reception by Yhombi-Opango	Q 1	1/C12
Visit to Matanzas	Q 1	1/C12
Castro Remarks	Q 2	1/C13
Radio Flays S. African Attack in Nimibia, Angola	Q 2	1/C13
Raul Roa Garcia Arrives in Moscow [cross-reference]	Q 3	1/C14
Education Minister Returns From Spain	Q 3	1/C14
Cuba Presents Action Program at Geneva Health Meeting	Q 4	1/D1
National Assembly Committee Examines Bills	Q 4	1/D1
Milian Stresses Caujeri Valley Development	Q 4	1/D1
Agramonte Death Anniversary Marked in Jimaguayu	Q 5	1/D2
CDR Deputies-Coordinator Seminar Opens in Havana	Q 5	1/D2
Briefs: GDR Trade Union Official	Q 5	1/D2

CARIBBEAN

JAMAICA

Hungarian Team To Study Cooperation With NPA [DAILY GLEANER 3 May]	S 1	1/D3

TRINIDAD & TOBAGO

Austrian Foreign Minister Arrives From Caracas for Visit	S 1	1/D3

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46

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MARTINEZ DE HOZ OUTLINES ECONOMIC RECOVERY MEASURES

FY120050Y Buenos Aires Domestic Service in Spanish 2200 GMT 11 May 78 FY

[Text of speech to nation by Economy Minister Jose Alfredo Martinez de Hoz from Buenos Aires on 11 May--recorded]

[Excerpts] Every effort we have made throughout the past 2 years is centered on a line of action with which we have been laying the foundations to meet two basic goals: an overall growth of the economy which would be higher than the annual average observed in the past 30 years, whose achievement would entail greater well-being for all the people and, secondly, that this growth be harmonious and balanced among all social and economic sectors of our society so as to avoid what happened in the past, that is, that one sector could only grow to the detriment of another. These are typical pendulum-type movements of our economy which we now want to eradicate once and for all.

In implementing this major reform, which affected the very structure of Argentine economy, we assigned priority to medium- and long-term objectives, instead of short-term urgent needs. Unlike what had been done in other times, short-term needs have now been subordinated to the achievement of long-term objectives.

We have tried to distribute the effort and sacrifice equally among all sectors of the population. We believe we have fulfilled this objective. In order to carry out this action, it is also necessary that the population recall the characteristics of any economic process. First of all, there is an unavoidable delay between the time when an economic decision is made and when the effects of this decision are felt. This normally happens but the population does not completely understand it. Therefore, there is a belief that no decision has been made or that the decision made has not been successful. This creates pessimism, the pessimism that actions are being implemented very slowly.

Second, the effects of these actions on the economy take place at different times which apparently shows that these actions favor some sectors and not others. This means that some problems are solved faster than others. This does not mean that efforts have not been made to solve all the problems at the same time.

Third, in economy, as in any other activity, anything can be done but the price for these decisions must be paid. This is also a disturbing factor, because many times when we pay the price it means that this has an effect, and it is difficult for the population to tell the origin of the actions which created the consequences for which we are paying today.

The evolution of this economic process in the last 2 years has obviously been very fast in certain sectors and for certain problems. I believe nobody can deny this if we look back to March 1976. But it is equally true that the process has been slower with regard to other problems and sectors. It is obvious that there is still much to be done and that not all evils have been eradicated. Far from worrying us or disrupting the economic equilibrium, this must move us to double our efforts to overcome these obstacles.

When we ask for everyone's cooperation, including the components of the private sector, we realize that the state must be the first to set the example. Considering all the imperfections and all that has to be done--as we have said more than once--the process is lengthy due to the rigidity of government structure in the administration of its organizations. We cannot pretend that the process will be fulfilled in 1 or 2 years. We sincerely believe, however, that we have made some achievements which show the willingness of the government to try to solve the evils in government which are also the cause of this economic situation. I referred to one of these evils in my speech at the end of the year. I would like to discuss others at this time, because I believe it is necessary that people realize that we must all make an effort; otherwise, we run the risk of extending the process too long.

First of all, I must point out that we have maintained the principle that the state must not intervene in all those sectors which have private capital available for use. I am speaking of this process, not of previous ones. In this regard, the oil program is probably the most important example.

Second, I must remind everyone that we have reduced the deficit of the treasury by 71 percent, if we compare 1976 with 1978, in real terms of stable currency.

Third, we have not only reduced the deficit by increasing taxes, as many believe, but we have also done it by reducing public expenditures. If we compare 1978 with 1976, this reduction in real terms of stable currency is 50 percent.

Fourth, we have also reduced the absorbtion, by the public sector, of available financial resources in the Argentine market. The portion absorbed by the government in 1975 was 16.2 percent. This was reduced to 3.1 percent in 1977.

Fifth, I would like to refer to and recall something we did from the beginning and which has had very positive effects. This is the elimination of the government monopoly on exports of meat and grain.

Sixth, regarding grain, we are planning to issue a law by which the National Grain Council can transfer to the private sector, by lease or sale, more than 100 elevators and silos with a storage capacity of 3 million tons. With this money obtained from lease or sale, we will be able to carry out the programs of construction of elevators and silos along with the assistance of international credit organizations.

We will also propose that authorization be given to the private sector for the construction of grain elevators so that they can act jointly with the government in this area, so that we can use the most modern technology for their construction and operation.

Seventh, we have gradually been solving some of the problems we have inherited. I am referring particularly to all those commercial and industrial enterprises which were previously in private hands and which were administered and intervened by the government. Article 21 of the 1977 budget ordered the sale of these enterprises to private business through public bidding. Today I can report that, out of the enterprises covered by Article 21, one-fourth are still being liquidated and bids for them have yet to be requested. Of the other three-fourths, bids have been opened for one-half of them, and in the other half the state has discontinued its intervention altogether. They are now fully in private hands.

Eighth, the National Development Bank and the Social Savings and Security Fund [Caja de Ahorro y Seguro Popular], as everyone knows, were holding a large number of private enterprise shares. Through the sale of these shares these two institutions have returned shares of 61 enterprises to the private sector.

Ninth, the reorganization, rationalization and reduction of state enterprises is in full swing. I would like to recall in this regard that, while in 1976 14 out of 15 state-owned public service enterprises were receiving state subsidies, in 1977 this figure was reduced to 8 and in 1978 the budget provides for subsidies to only 2 enterprises: National Railways and the national mail and telegraph enterprise.

In addition to all this, we are working toward greater efficiency by the personnel of our enterprises. I will give three examples of what we have done through the reduction of personnel and the increase of personnel productivity, which results in more effective production from each employee. In Government Oil Deposits, the production of each employee has grown by 51 percent since 1976. In Aerolineas Argentinas productivity increased 33 percent for the same period. In National Railways the productivity of each employee also increased 24 percent for the same period. If in this last case we take into account only the freight section, productivity growth has been 54 percent.

Tenth, it has been our policy--and we aim to step it up even more--to see that state-owned enterprises contract as many services as possible with private enterprises. This means that they should decrease their worker load both for budgetary reasons and to achieve greater efficiency in the supply of these services.

Eleventh, at this point I must mention the process of gradual transformation of state enterprises into corporations. This allows us to provide them with the flexibility of private enterprises, so as to operate them with greater effectiveness, and also allows us to demand greater responsibility in the fulfillment of their tasks. From now on, these enterprises must make inventories which were never made in many of them. They will also have to prepare and publish their statements of account as do private enterprises. This will be demanded from them by their shareholder--that is, the state--which will act in the same way that a private shareholder demands that the executive board give him an account of the financial situation at the annual meeting of shareholders.

We will take still another step. We will make these enterprises publish a quarterly statement of accounts, to allow the people to follow closely the development of the situation of these enterprises, a situation which we believe to be very important.

Twelfth, two bills will soon be signed by the president: one, including the so-called Corporation of National Enterprises [Corporacion de Empresas Nacionales] and the other creating the Trusteeship of Public Enterprises [Sindicatura General de Empresas Publicas]. Through the action of these trustees, we hope to improve the control of every aspect of operation of public enterprises, especially regarding their operational effectiveness.

Thirteenth, the ministries of Labor and Economy are now studying 60 collective labor contracts involving state enterprises. In revising these contracts we will seek to eliminate those clauses which may disrupt proper operation of these enterprises.

Fourteenth, rates of public services must not be increased to subsidize operational inefficiency. In this respect, we will carry on an intensive program, including meetings with managers and heads of these state enterprises to make sure that they meet these objectives as well as possible and as quickly as possible.

After these considerations, I must now inform the public that those measures designed to adjust the economic program to the present circumstances, measures which we consider necessary to adopt--as we have always done--with the necessary flexibility, so as to adjust our actions to the needs and variations which are taking place in the course of the fluid evolution of this economic process.

In the first place, regarding the establishment of rates, I repeat that we are not willing to encourage inefficiency in the operation of public enterprises through the establishment of high rates. This does not mean that we will go back to the policy of political rates, that is, those established at artifically low rates, which demand that the national treasury subsidize these enterprises. If we did this, we would be deceiving ourselves since this would force a greater issuance of currency and, therefore, would stimulate inflation.

I know that most people have the impression that beginning this year we have adjusted the rates of public services to the general price index. This is not true. The resolution we signed late last year was designed to decentralize the decisionmaking power on the rate of adjustment to be made; that is, each state secretariat will be in charge of determining the rate of adjustment of the services provided by state enterprises operating under its jurisdiction. This resolution established a ceiling for the adjustment which was equivalent to the wholesale price index.

Anyone can observe that we have not strictly followed the price evolution in establishing the rates of public services, because we are demanding greater efficiency in the operation of these enterprises, which will enable us--as we obtain results--to adjust these rates by relatively lower proportions.

Furthermore, a price index does not need to be fully reflected in public service rates because the former includes contingent and seasonal circumstances having no bearing on the operational cost of these enterprises.

The second point is exchange. We shall not consolidate the price growth index at 100 percent because that is not the right thing to do. The price growth index has many elements which have no connection with the process of adjustment of our currency value.

In this regard I must point out that we are experiencing an extremely favorable situation. Our balance of payments and a trade balance are showing surpluses for the third consecutive year and we have large reserves. All this has been the result of the implementation of realistic exchange rates and the exceptional capability for recovery which Argentina's economy has. All this has yielded clearly positive results by improving the conditions of our foreign indebtedness and by allowing the central bank to pay in advance our debt to the IMF and private foreign banks.

Nevertheless, and in spite of this favorable situation, the foreign sector is the strongest source of basic monetary expansion and is thwarting somewhat efforts which we are making internally to reduce our inflation. It also prevents a swift decrease in the amount in the monetary control account demanded from the banks.

Thus, we must do something about these factors. But we will do so without undermining the strength of the balance of payments and without forsaking our policy of keeping a realistic exchange rate and avoiding overvaluation of theArgentine peso. To do this we have made several decision. We have decided that exchange rates between our currency and the main world currencies should be established basically by supply and demand. The central bank will interfere only to prevent sharp fluctuations but without trying to change the medium and long-term tendencies of the market.

With regard to foreign loans or the financing of foreign trade, we will maintain freedom of the private sector but will establish certain compulsory deposits in local currency to balance the internal and external costs. To the degree that these regulations achieve the reduction of foreign-originated monetary expansion, it will allow the reduction of the cash deposits demanded from the banks and will increase domestic credit. This is basically the same procedure we had successfully implemented for the eradication of "swaps" [in English] which weighed down our foreign debt when we took over. It is based on the principle of price control while maintaining market freedom.

As for the financial sector, for the past year the Central Bank has been working on an interest-payable rate [tasas de interes pasivo] index for various terms of deposit. At this point the Central Bank is ready to publish such an index daily and this will allow two things. First of all, as was announced today, new public bonds will be issued with variable or floating interest rates which will be based on returns being paid in the market. This measure can be successfully extended to deposits and loans of the national financial system; that is, when the variable or floating interest rate is adopted by banks and financial institutions to pay their clients or to collect the interest from their clients, this procedure can help extend the terms of these operations and therefore prevent the increase of costs which normally accrued due to the very short term of these operations. This procedure will also assure a greater sale in the market. In this manner, there will be three options, for the depositor and for the one receiving the credit. The nominal fixed interest rate will remain the same. The indexed operation with fixed interest or the variable or floating interest rate will be decided accordingly.

We will carry out our actions through the official banks, the Bank of the Argentine Nation, the National Development Bank and the official provincial banks and all private banks, in order to fulfill three main objectives.

First of all, we will broaden the terms for both deposits and credits. Second, we will encourage investment in agriculture, commerce and industry. Third, we will solve the problems related to short term indebtedness, which affects enterprises. In this regard, the bank of the nation will adopt five basic measures: first, the implementation of a special measure to finance investments in agriculture of up to 4 years, with amortization toward the end of each period and interest to be paid quarterly or every 6 months, according to the clients' desires.

Second, the application period for extending expired loans in all operations for agriculture will be 90 to 180 days at the client's option, making sure that the financial cost is established in accordance with the rate of each period.

Third, we will extend from 3 to 5 years the amortization of loans with adjustment of capital granted for the purchase of tractors, equipment and all kinds of agricultural machinery.

Fourth, we will introduce a special credit with fluctuating interest rates to cover expansion expenses for up to 2 years, with partial amortization of 90 to 180 days at the client's option and payment of interest every 90 days. This credit will benefit not only agricultural producers but will also benefit commerce, industry and services in general.

Fifth, we will approve a 50-percent increase of credits for individuals and families, particularly aimed at purchasing household goods in general and housing repairs.

With regard to the National Development Bank, the bank will add to its current credits, indexed or not, credit with floating interest rates.

First of all, the bank will continue financing, with foreign or national currency, industrial and mining projects of all sizes, large, medium and small, which are being carried out in the country, as long as its economic conditions, financial and technical, are adequate.

Second, it will establish preferential credits for the purchase of all kinds of machinery and equipment and investment of all kinds for this purpose, including the requirements for their installation. These loans, including expenses for installation, remodeling and transfer of a business, will have a term of 9 years, with 2 years of grace.

Third, it will establish credit assistance to enterprises for technological improvement, installation of pilot plants, research, construction of machinery and solution of problems of pollution of the environment.

Fifth, it will establish special credits for artisans, technical and professional workers, covering 100 percent of investment with a term of 6 years and 1 year of grace.

Finally, to improve the distribution of its loans the National Development Bank will operate through complementation agreements with 20 private banks which will coordinate their actions to attain greater promotion, investments, updating, and expansion of industrial and mining enterprises throughout the country.

With regard to import duties, we will soon release a report on the protective effects of our customs duties system, a report which is the result of studies made by international experts on this subject. We believe that this report will be very useful to private sectors. The commission created at the level of state secretariats to study a medium- and long-term system of customs tariffs will begin its talks with the private sector next week. I have explained many times before what the task of this commission will be and that we hope to adjust Argentina's tariff system, taking into account the situation of each and every industrial or productive sector. Apart from this medium- and long-term policy, I must reassert that if circumstances force us we shall not hesitate to use the tariff mechanism to counteract price increases capable of disrupting the current economic process.

All these measures, even though they help to solve some problems on a short-term basis, are clearly aimed at medium- and long-term objectives. We wish to especially reassert our desire to stimulate productive investments in all possible ways.

As for industry, our policy of strengthening the cost structure is in effect in order to take advantage of the economy of scale which will provide us with access to the international market under competitive conditions.

We are, however, fully aware that the cost of industrial inputs is at the core of Argentina's industrial problems and for this we will grant preferential attention by means of the tariffs commission which I have just mentioned. This commission will study the situation of all input-producing enterprises, whether state-owned, joint, or private.

As an additional favorable element for our industry, we can mention the draft antidumping law which is currently being studied by the legislative advisory commission. In addition to broadening, updating and making this law more flexible, this draft incorporates the somewhat revolutionary element of trigger prices [precios gatillo] to more effectively counteract international dumping.

At the same time, we will soon submit to the executive branch a draft bill for temporary admission of all raw and intermediate goods necessary for the production of reexportable commodities.

At the same time, we intend to promote the acquisition of industrial equipment as much as possible. In this respect, applications for import licenses of machinery and equipment which are not produced in the country have been granted in the mandatory term of 30 working days, with minimum import duties. If no official decision is made within this period, the applications are considered automatically approved.

It is our desire that national enterprises be able to import every capital asset which is not produced in the country, including parts, without any paperwork and at minimum import duties.

A bill regarding the Argentine automotive industry will also be submitted tomorrow to the executive branch. The significance of these bills we are submitting to the executive branch stems not only from the importance this sector has within the national economy but also in some ways it is indicative of our desire to strengthen national industry by making more flexible those rules which somehow block progress, that is, through joint efforts made by the state and the enterprise itself to let the latter incorporate modern equipment and thus achieve satisfactory progress to better meet the needs of domestic consumers and exports.

I could not end this speech without briefly discussing the marketing system. It is our purpose to achieve in the medium term a basic change of our marketing structures, which we consider completely archaic, obsolete. It is difficult to understand why by the fourth quarter of the 20th century Argentina has not yet joined the world movement of massive marketing systems, which reduce the cost of middlemen and make it possible for products to reach consumers in the most expeditious manner and at the lowest costs, which may stem from developments at any given level.

At the same time we want to expedite completion of the bill now under consideration to replace the old law No 12,906, which represses monopolies, with a new law which will assure commercial competition, whose major objectives will be the protection of opportunity to engage in loyal competition, the elimination of every practice jeopardizing free competition in markets and the establishment of prices. These measures are designed to contribute to giving clarity to market operations [transparencia del mercado] and to benefit consumers.

POLICE DISARM BOMB NEAR U.S. EMBASSY

PY111831Y Paris AFP in Spanish 1616 GMT 11 May 78 PY

[Text] Buenos Aires, 11 May--A powerful bomb was found today near the U.S. Embassy in Buenos Aires. It was deactivated by specialists, according to police sources.

An unofficial report, since there was no official release, indicates that the bomb was found inside a station wagon parked in front of the U.S. Embassy in Palermo.

When the terrorist operation was discovered, military personnel surrounded the embassy and members of the bomb squad deactivated the bomb without incident.

FOREIGN MINISTER MONTES REMARKS ON MORO'S DEATH

PY111836Y Buenos Aires NOTICIAS ARGENTINAS in Spanish 1518 GMT 11 May 78 PY

[Excerpts] Buenos Aires, 11 May--Foreign Minister Oscar Montes has said that Aldo Moro's murder "is no more and no less than a new demonstration by international terrorism," which has repeatedly been attacked by the the present Argentine Government. He stated that "it seems people have to suffer the consequences in order to understand us, and that is deplorable." Montes, who made his remarks this morning when arriving at Ezeiza airport from Costa Rica, said that "it has been a hard blow for all," referring to Moro's murder by the Italian Red Brigades. He was asked whether under the present circumstances the Argentine Government would submit any proposal to the United Nations for an international fight against terrorism, jointly with some other country or unilaterally.

The foreign minister replied: "We will have to wait until we meet at the United Nations. I am going to the United Nations now, but only for the special disarmament assembly, where we will exclusively discuss the nuclear problem and disarmament. We will not study the terrorism problem until September or October, when the United Nations will meet."

UCR'S ALFONSIN SAYS ACTIVITIES TO RESUME IN FUTURE

PY101913Y Buenos Aires NOTICIAS ARGENTINAS in Spanish 1430 GMT 10 May 78 PY

[Text] Buenos Aires, 10 May--UCR [Radical Civic Union] leader Raul Alfonsin today stated that "the suspension of political party activity means that sometime in the future they will again be able to exercise political activity." He added that "pretending that they will not be able to do this in the future, as several official sources are noting, is an attempt at making this a 'crooked' progress." Alfonsin made this statement as he was coming out of court after testifying as an unindicted defendant before federal judge Norberto Giletta concerning the statement in the UCR document issued on 22 April 1978. He added that "this campaign is led by those who want extremes in Argentine politics.

ECONOMY MINISTRY ANNOUNCES GNP, COST OF LIVING FIGURES

PY091704Y Buenos Aires HERALD in English 9 May 78 p 1 PY

[Excerpts] The gross national product (GNP) in the first quarter of this year fell 7.2 percent below the figure for the same period in 1977, the Economy Ministry announced last night.

The ministry also announced that the cost of living in April rose 11.1 percent, and 46.4 percent over the first quarter of this year--the highest first quarter figure in the past 30 years with the exception of 1976--54 percent in March--when the country was plunged into a serious political crisis.

The economy team, which had expected the double-figure rise in the cost of living, for April is expected to discontinue periodic adjustment of utility rates as part of profits "de-indexation" plan. Treasury Secretary Juan Alemann recently pointed out that many businessmen raise their prices to the full percentage of the utility rate hikes as if the utility hikes were their only cost factor.

With regard to foreign trade, the ministry announced that exports for the first quarter of this year fell by 9.4 percent while imports increased by 4.1 percent.

RADIO FIDES POLL SHOWS PEREDA LEADING IN LA PAZ

PY111647Y La Paz Radio Fides in Spanish 1130 GMT 11 May 78 PY

[Excerpts] Radio Fides starts today to publish a series of reports on journalists' polls regarding the coming general elections. This type of polling is very difficult. It is done only in La Paz and shows only an electoral trend, with 2 months left until the elections.

Gen Juan Pereda continues to hold first place among the people of La Paz, according to our poll. Voters supporting his candidacy stress that the continuity promised by Pereda offers them security. Most Pereda supporters are from the Calacoto, La Florida, (Vino Tinto) and (Villa Bella) districts. Hernan Siles Zuazo's candidacy holds second place in preference among the La Paz people. The districts showing more inclination toward Siles Zuazo than toward Pereda were (Achetiscala), Pura-Pura and (Ciudad Satelite). In Sopocachi Bajo Siles Zuazo was less popular than in other parts of the city. Gen Rene Bernal, candidate of the Christian Democratic Party, has little popularity in La Paz, according to the Radio Fides poll. Bernal holds last place, after Pereda, Silez Zuazo and Patino Ayoroa.

COCHABAMBA RIGHTS ASSEMBLY CRITICIZES REGIME

PY092026Y La Paz PRESCENCIA in Spanish 8 May 78 p 6 PY

[Excerpt] Cochabamba, 7 May--The departmental assembly of human rights conducted a detailed analysis of the national situation during the last few weeks. It concluded that a repressive and antidemocratic attitude still persists in the government. According to Father Pastor Montero, the representative of the executive committee, the following events represent the government's prevailing attitude and can be summarized as follows:

1. The closure of the Greater University of San Andres and the subsequent arrests, which attempt to stifle violently and illegally the university's just aspirations in its struggle to regain its autonomy and to conduct a democratic reorganization.

2. The outright provocation of other universities, such as the ones in Cochabamba and Santa Cruz, with budget cuts and postponement of items which had already been approved in an effort to create conflicts and later justify a possible closure of the entire University of Bolivia.

3. The violent and inhumane repression ordered by the departmental prefecture and carried out by the public security force against people who, with complete justification, were protesting the increase in urban public transportation fares.

4. The repeated protest of the rural sector concerning the excessive pressure placed on peasants, transportation workers, and even school-age students to attend the proclamation of official candidates; the repeated instances of demands for undue payments, extortions, threats and illegal arrests made by members of the police.

5. The interference of some companies and the Labor Ministry, through the local Labor Ministry office, in order to force many union leaders to abstain from participating in elections in the factory workers federation through the use of threats, warning letters and dismissals.

6. The resurgence of pseudomilitary groups designed to confuse public opinion and to create terror with violent actions.

U.S. COMPLAINTS OF 'PROTECTIONISM' DRAW REACTION

PY111619Y Rio de Janeiro JORNAL DO BRASIL in Portuguese 10 May 78 p 23 PY

[Excerpts] New York--The United States, through Gary Hafbauer who read an announcement by Treasury Department Under Secretary for International Affairs C. Fred Bergsten, called upon Brazil yesterday to abandon its trade protectionist policy because it can become contrary to Brazil's own interests as well as hinder the development of other nations.

Hafbauer read this to a gathering of the Brazilian-U.S. Chamber of Commerce in New York, referring particularly to "extremely high" customs tariffs on imports by Brazil, to restrictions on [repatriation of] profits by multinational companies, and to Brazilian export subsidies versus U.S. compensatory tariffs regarding shoes and textiles--a situation which "may turn into a point of conflict in bilateral relations."

Brazilian Government officials and private businessmen reacted to Bergsten's remarks by defending Brazil's trade policy:

Finance Minister Mario Henrique Simonsen stated: "The United States has some complaints to make about Brazil, but Brazil also has many complaints to make about the United States and its overall policy of induties [given in English] control and the entire trade act, which constitutes a unilateral decision on multilateral problems which fall within the scope of the GATT. The thing is to sit down at a table and discuss it. By definition, any negotiation means that everyone must give up something. The thing is that we are not ready to be the only ones to give up. Neither are we prepared to be the ones to give up the most. Alan Wolff (general counsel, Office of the Special Representative for Trade Negotiations) today specifically stated the U.S. intention of reaching an agreement for Brazil." (The minister met with Wolff for approximately 1 hour).

Industry and Trade Minister Angelo Calmon de Sa stated: "Brazil does not hold the record for protectionism. There are other developed nations which are by far more protectionist than Brazil. Such is the case with the United States and the EEC countries. The measures implemented by Brazil to defend its products are legitimate measures in line with our current need to level off our trade balance because we can no longer support permanent deficits of the kind reached in 1974."

Jose Mindlin, exporter and vice president of Sao Paulo State Industries Federation, stated: "Brazil's policy cannot be called protectionist. The measures implemented to curb imports are temporary and are caused by problems in the balance of payments. In addition to this, the industrialized countries have managed to achieve their current level of development because they helped that development through measures similar to those we are now implementing. Free markets can exist only between countries at the same level of development. This year the GATT will discuss a code of incentives and we hope that Brazilian views, which are fully justified, will be understood."

Horacio Cherkasky, president of the National Association of Paper and Cellulose Manufacturers, said: "Fred Bergsten's statement is fully in line with the proposal which the United States will present at coming GATT meetings with the support of the EEC countries, aimed at reducing Brazilian tariffs. We can in no way agree to such a proposal, but this statement seems to be an indication of possible retaliation in case of refusal."

Finance Ministry Comptroller General Francisco Dornelles stated: "I believe that Fred Bergsten has a right to urge Brazil to implement certain measures--in the same way any Brazilian has a right to urge the United States to amend the trade act, which is the most draconian trade law ever. He might also urge the United States not to exercise tax control beyond its borders by leveling taxes on profits obtained in other countries. And he might urge the United States to respect some of the principles established by GATT, prohibiting the application of the damage compensation clause without first submitting effective proof of damages in line with internationally approved guidelines."

Carlos Geraldo Langoni, economist of the Getulio Vargas Foundation and counsel for the Brazilian Exporters Association, said: "I see no reason for worry. If U.S. protectionism forces us to decrease incentives for exports to the United States, we can still apply these incentives in our sales to other countries."

SIMONSEN SAYS FOREIGN LOANS MAY BE FROZEN AGAIN

PY111604Y Sao Paulo Cadeia Verde Amarela in Portuguese 1000 GMT 11 May 78 PY

[Text] Finance Minister Mario Henrique Simonsen admitted yesterday the possibility that foreign loans may be frozen again this year in view of a probable excessive expansion in the payments system resulting from the entrance of foreign resources.

This strategem was used at the end of last year when monetary authorities faced the possibility of an excessive growth of the 35 percent limit fixed for monetary expansion.

Simonsen also confirmed the government's intention to balance the level of international reserves, now between $7.4 and $7.5 billion, pointing out that if such reserves do increase, we will not be disappointed.

Simonsen believes that the entrance of dollars cannot be restrained, but on the other hand their conversion into cruzeiros can be.

HIGH-RANKING OFFICERS 'CONFIRM' CONTACTS WITH MDB

PY110327Y Sao Paulo O ESTADO DE SAO PAULO in Portuguese 10 May 78 p 5 PY

[Text] Brasilia--High-ranking army officers confirmed here yesterday the existence of a movement which seeks to nominate under the opposition ticket a general to contest the presidential nomination of Gen Joao Baptista de Figueiredo, the National Renewal Alliance candidate. The movement has been gaining strength within the Brazilian Democratic Movement [MDB] and has increasingly gained more supporters in military circles, according to sources, and is evolving toward a final decision which will be formally announced soon.

These high-ranking officers welcomed the decision made by MDB Senator Lazaro Barbosa, from Goias State, who publicly disclosed the existence of talks between MDB and military sectors, by noting that Barbosa made this disclosure "at a good moment, particularly because this is the proper time to inform the public that there are now two candidates for the presidency of the republic."

These officers feel that the following reasons have prompted the agreement which is now being concluded between the MDB and prominent army figures: the need to resume the objectives of the March 1964 revolution and the growing dissatisfaction, which has now become uncontrollable as a result of the implementation of the Arpil "package."

They also claim that those who, moved by opportunism or comfort, believe that the nomination of a second military candidate for the presidency will mean "a revolution within the revolution" are mistaken. This interpretation can be accepted only in the sense that "if the goals of the 1964 revolution and its ideals were lost in the distant past, then a revolution within the revolution could take place, although without impugning the revolution but rather correcting its principles."

Although outlining some guidelines of their strategy, these military sources still prefer not to disclose the names of the members of this movement. They believe that a second military candidacy is feasible and are optimistic over winning the campaign.

MDB'S GUIMARAES DISAVOWS ROLE IN TALKS WITH ARMY

PY110337Y Rio de Janeiro JORNAL DO BRASIL in Portuguese 10 May 78 p 9 PY

[Text] Sao Paulo--MDB [Brazilian Democratic Movement] President Ulysses Guimaraes stated yesterday before boarding the plane to Brasilia that the opposition does not intend to hold official talks with military representatives for the purpose of launching a candidate for the presidency of the nation. He did admit, however, that certain members of the MDB may be in contact with military sectors.

"The MDB is an open party and senators, deputies and members in general can talk with whomever they want, even with the military. The military has a basic role in the area of security, a historical role in the life of the country. They are responsible Brazilian citizens and it is natural for senators or deputies to talk with them about many issues for the simple reason that there are no forbidden subjects or dogmas in the MDB.

"I believe that it would be absurd for us to be forbidden to talk with the military and for the military to be forbidden to talk to the MDB. There is nothing about it in the constitution. We are an independent party and we talk with whomever we want," stated Guimaraes.

He added that the opposition may hold talks with the military. "If we believe that we must officially talk with the military with regard to an important party decision, we will do it. What I want to say is that up to now the national leadership and I, as president of the party, have not held talks with the military on the specific subject of launching a candidate for the presidency of the nation."

After reasserting that there are no contacts between the military and the party leadership, the MDB president added: "But it is obvious that our comrades and responsible party leaders can discuss with the military any issues which may be of interest to the country and related to our desire to redemocratize Brazil."

ECONOMIC COUNCIL APPROVES EMERGENCY DROUGHT FINANCING

PY111608Y Sao Paulo Cadeia Verde Amarela in Portuguese 1000 GMT 11 May 78 PY

[Text] To combat the continuing threat of unemployment resulting from the drought affecting the southern part of the country, the Economic Development Council met in Brasilia yesterday and approved the following measures:

To release emergency financing for the regions affected by the drought, especially the State of Parana;

To give priority attention to all government plans for the affected areas: erosion in Parana and soil conservation in [words indistinct];

To suggest that the states implement local progams to create manual labor activities, such as road construction (?well drilling), and stimulate sugarcane and coffee collection.

President Releases Credit

PY111818Y Florianopolis Radio Dario da Manha in Portuguese 1515 GMT 11 May 78 PY

[Text] President Geisel has adopted a series of measures to alleviate the hardships caused by the merciless drought which is scorching Brazil's southern region. In addition to opening "labor fronts" [government projects to hire idle labor], the president has decided to speed up the initiation of projects programmed for later dates, to authorize the affected states to start implementing local projects, to harvest coffee and grind sugarcane immediately, and to make available 600 million cruzeiros for credit.

These measures were taken by the president in a meeting of the National Economic Council held yesterday. More measures should be taken at next Wednesday's meeting on the basis of a report to be made by Interior Minister Rangel Reis, who will tour the drought-stricken area.

Planalto Palace has announced that Agriculture Minister Alysson Paulinelli will also make on-site inspections to evaluate the extent of drought-created problems.

Crop Loss Predicted

PY091913Y Sao Paulo Cadeia Verde Amarela in Portuguese 1000 GMT 9 May 78 PY

[Text] Agriculture Minister Alysson Paulinelli estimates that the direct loss to the 1977-1978 harvest caused by drought will be more than 40 billion cruzeiros. According to Paulinelli this is a preliminary estimate because it does not include losses in the transportation, trade and storage sectors.

Paulinelli pointed out that drought should not become a cause for concern. Although there have been many many malicious reports, the supply plan should not run into problems for some time. Paulinelli also said that if necessary the government will import all the required products. He added that Cobal [Brazilian food company] already has brought into the country 55,000 tons of the 180,000 tons which have been purchased abroad.

FISHING AGREEMENT SIGNED WITH TRINIDAD-TOBAGO

PY101650Y Rio de Janeiro O GLOBO in Portuguese 9 May 78 p 23 PY

[Text] Brasilia--The governments of Brazil and Trinidad and Tobago yesterday signed a fishing agreement through an exchange of notes. The agreement is designed to establish the guidelines for joint undertakings in this area, to encourage fishing development, and to strengthen bilateral cooperation for the expansion of fishing industry and trade.

The exchange of notes took place at Itamaraty yesterday during a ceremony which was attended by Foreign Minister Azeredo da Silveira, Agriculture Minister Alysson Paulinelli, Ambassador Harrison Major of Trinidad and Tobago, and representatives from the Navy Ministry and the Superintendency for Development of the Fishing Industry.

According to the agreement, the two countries recognize the need to assure technology and capital exchange, and to meet the requirements of raw materials to encourage development of their fishing industries.

Brazil has decided to explore its fishing potential through Brazilian firms with minority participation by foreign capital. The joint ventures provided for in the agreement could be carried out in two ways: minority participation of individuals or companies from Trinidad and Tobago in existing Brazilian fishing companies, or minority participation in Brazilian corporations which will be created.

The agreement stipulates that the Brazilian partner should have at least 60 percent of the capital and 51 percent of the voting power in bilateral ventures.

The corporation will be headquartered in Brazil but may be registered in Trinidad and Tobago. Commercial contracts for activities to be carried out by the corporation will be subject to laws in effect in the country where the activities are to take place. According to Brazilian laws, the joint company may lease vessels from the junior partner.

The two countries agreed to avoid activities harmful to marine life, specifically avoiding the use of destructive equipment such as electric or electronic equipment, the use of chemical, toxic or explosive substances, the dumping of oil and other polluting substances, and fishing in marine life breeding grounds during periods of fertilization and reproduction.

The agreement also establishes the following points: the two governments' commitment to insure that the activities of the joint corporations do not interfere with the activities of small fishing companies in both countries, including the incentives provided in the laws of both countries, and the exemption or suspension of taxes and surcharges.

The agreement also provides for meetings among scientists of both countries to exchange scientific data, the results of research projects and new fishing techniques, and to discuss cooperation in the training of Brazilian personnel related to the activities to be carried out by the joint corporations in order to increase the number of Brazilian employees.

NEWSMEN AGAIN QUESTION FIGUEIREDO ON LETTERS

PY111806Y Porto Alegre Radio Guaiba in Portuguese 0200 GMT 10 May 78 PY

[Text] General Figueiredo was questioned by reporters in Brasilia yesterday regarding the episode of the coded telex message and the letter addressed to Ambassador Carlos Alberto Fontoura. General Figueiredo was asked whether this case was part of a plan contrived to force the government to become more severe. He said that this question should be asked of the congressmen who released copies of the letters.

The chief of the [Central Agency of the] National Intelligence Service, SNI, Gen Ramos de Castro, states that the letter attributed to General Figueiredo was prepared by Brazilians living abroad and by foreigners. He pointed out that the SNI knew about the plan and was not surprised when the letters were published.

FIGUEIREDO CONCERNED BY DIVISIONS WITHIN ARENA

PY111828Y Porto Alegre Radio Guacha in Portuguese 1545 GMT 11 May 78 PY

[Text] The future president, Gen Joao Baptista Figueiredo, is concerned about divisions, caused by the recent gubernatorial appointments, within the ranks of the ARENA party in Rio Grande do Sul, Minas Gerais, Paraiba and Sao Paulo. This information was provided by Deputy Alcides Franciscato, ARENA-Sao Paulo.

RIO DE JANEIRO PRISONERS END HUNGER STRIKE

PY111855Y Paris AFP in Spanish 1638 GMT 11 May 78 PY

[Excerpt] Rio de Janeiro, 11 May--Well-informed sources have reported here that political prisoners in the cities of Rio de Janeiro, Juiz de Fora and Salvador ended the hunger strike last night which they declared on 17 April.

The prisoners had declared the strike as a movement of solidarity with the hunger strike maintained for 23 days by fellow prisoners in Itamaraca prison in Recife, northeast Brazil, who demanded the suspension of the solitary confinement of two comrades sentenced to life imprisonment.

BRIEFS

WHEAT IMPORTS--Brazil will have to import 4.2 million tons of wheat to satisfy domestic demand. According to Parana State's Production Financing Commission, the difficulty for these imports will be found in the overloading of Brazilian port facilities which will be receiving imports of corn, soybean, beans and other products as well. [Sao Paulo Cadeia Verde Amarela in Portuguese 1000 GMT 3 May 78 PY]

SALES IN NIGERIA--In 50 days of sales promotion in Nigeria, INTERBRAS--a PETROBRAS subsidiary for international trade--has sold $1.6 million worth of household appliances and is expecting to sell $15 million through March 1979. To overcome import tax barriers, INTERBRAS is studying the possibility of installing in Nigeria an assembly plant for household appliances and electronic household apparatus. [Sao Paulo O ESTADO DE SAO PAULO in Portuguese 3 May 78 p 26 PY]

BRAZILIAN STEELMAKING EQUIPMENT--In a total investment of 3.7 billion cruzeiros for their third expansion stage, the National Steel Company (CSN), the Sao Paulo Iron and Steel Company (COSIPA) and the Minas Gerais Iron and Steel Mills Inc (USIMINAS) will spend 70 percent in purchases of equipment made in Brazil, such as mobile cranes, frames, electric motors, rolling machinery and some automatic control systems. This third expansion stage will run through 1980. [Rio de Janeiro O GLOBO in Portuguese 3 May 78 p 20 PY]

EMBRAER SELLS PLANES--The Brazilian Aeronautics Company [EMBRAER] has announced the sale of two Bandeirante 110 planes to an airline of Papua-New Guinea, and another Bandeirante to an Australian airline. The three planes will be delivered from June to August. [Brasilia Domestic Service in Portuguese 2200 GMT 8 May 78 PY]

LOAN FOR SHIPBUILDING--Luis Rodolfo de Castro, National Merchant Marine Superintendency [SUNAMAN] financial directors, reported yesterday that a consortium of 11 banks headed by Japanese and U.S. organizations will grant a $300-million loan to Brazil to finance the second part of the ship construction program. [Rio de Janeiro O GLOBO in Portuguese 6 May 78 p 22 PY]

SHELL ACCEPTS TECHNICAL AID--Shell has accepted the technical assistance offered by PETROBRAS which will place its technicians at the disposal of the multinational company for the exploration which Shell is carrying out at the mouth of the Amazonas River. This information was provided yesterday by Carlos Alberto Isnard, PETROBRAS financial director, who indicated that "PETROBRAS has already developed technological experience capable of overcoming the difficulties [drilling through water deposits] which Shell is facing in the region." [Rio de Janeiro JORNAL DO BRASIL in Portuguese 6 May 78 PY]

SHELL TO CONTINUE PROSPECTING--Despite four unsuccessful drillings in the Amazonas area, where the company is prospecting under a risk contract, the Shell Oil Company will proceed with the drilling of a fifth well. Up until now, Shell has invested close to $500 million in this work, a sum which will be reimbursed by PETROBRAS whenever Shell strikes oil in commercial quantities. [Porto Alegre Radio Guaiba in Portuguese 0200 GMT 9 May 78 PY]

DROUGHT IN PARANA STATE--The drought affecting Parana State has caused a loss of approximately 15 billion cruzeiros for the agriculture sector. It has been calculated that 9.3 million tons of agricultural products have been lost. [Sao Paulo Cadeia Verde Amarela in Portuguese 1000 GMT 8 May 78 PY]

MDB REGIONAL CONVENTION--The Sao Paulo MDB regional convention will be held on 6 June, as decided during the MDB meeting yesterday. [Sao Paulo Cadeia Verde Amarela in Portuguese 1000 GMT 9 May 78 PY]

SOLAR ENERGY PLANT--The project of the first solar energy plant in Mato Grosso State will be completed in 60 days. This plant, which will be built pursuant to the French-Brazilian agreement on solar energy cooperation, will be located in the city of (Sinal), on the Cuiaba-Santarem highway. [Text] [Brasilia Domestic Service in Portuguese 2200 GMT 10 May 78 PY]

GRAIN SHIPS TO PRC--According to sources linked to shipyards, Brazil may be able to sell grain carriers to the PRC. INTERBRAS leaders believe that they may sell up to five ships to the PRC estimated at $80 million, based on studies which prove the PRC interest in organizing a great fleet of ships to transport dry grain. Shipbuilding technicians also consider the possibility of selling ships to Japan, according to remarks made by the Japanese ambassador to Brazil. Japan would be trying to reduce its trade surplus with this purchase, but these exports would be carried out primarily by the Ishikawajima of Brazil. [Rio de Janeiro O GLOBO in Portuguese 10 May 78 p 28 PY]

MORE DISTURBANCES OVER FARE INCREASES REPORTED

Student Protests in Medellin

PA100339Y Bogota Radio Cadena Nacional in Spanish 2330 GMT 9 May 78 PA

[Text] Medellin--The student protest against the recent increase in urban bus fares and the poor service being rendered is continuing at this time in this city, especially in the Robledo sector.

This station was informed that clashes between students and the police are continuing with some itensity, especially around the Antioquia High School where a series of confrontations took place yesterday between students and police. The occupation of the school by the police was strongly criticized by the school's administrators who said that the police committed unbelievable actions such as breaking glasses and windows.

The poor quality of transportation service, especially during the afternoon hours, is being caused by the drivers who say that they lack guarantees. Riders, however, say that the real reason is that the drivers are waiting for 2000 when fares increase from 1.30 pesos to 2 pesos.

Disturbances in Cali, Pie de Cuesta

PA102008Y Bogota Radio Cadena Nacional in Spanish 1730 GMT 10 May 78 PA

[Text] Bucaramanga, Colombia--A curfew was declared today in Pie de Cuesta, a town near the capital of Santander Department, to stop a wave of public disturbances. The measure will go into effect at 1900 tonight until 0500 Thursday morning.

Three policemen were injured during demonstrations held to protest the rise in water prices. Two civilians were also injured and 20 arrested, according to our correspondent in Radio Santander, Alfonso Pineda.

In Cali, the police squelched new attempts by students and agitators to disturb the peace and reported that several persons were arrested. In the vicinity of El Valle University and the [word indistinct] school, groups of demonstrators stoned several vehicles and clashed with police. Quick action on the part of police prevented a demonstration from spreading toward the center of the city.

This morning, 20 students were still in jail as a result of yesterday's disturbances. The busdrivers reaffirmed their determination not to take out their buses on scheduled runs unless they get full guarantees.

Further Protests

PA111200Y Bogota Radio Santa Fe in Spanish 2330 GMT 10 May 78 PA

[Text] Bogota--The authorities reported tonight that due to the protests over the transportation fare hike, a delicate public order situation is prevailing in most of the country's major cities. The cities most seriously affected by the stoning and burning of vehicles are Medellin, Bucaramanga, Pereira, Cali, Popayan, Neiva, Pie de Cuesta, Santander, Cucuta and Manizales, among others.

Several persons were arrested as a precautionary measure but they regained their freedom when they could not be blamed for the disturbances due to a lack of evidence.

Despite the security measures implemented in the capital, an undetermined number of buses have been burned while others have been severely stoned.

Protests over the urban transportation rate hike continued tonight while hundreds of unions voiced their rejection of this measure.

Various unions of workers, professionals and salesmen, industry and commerce organizations and cooperatives feel that the government is yielding to pressures from transportation magnate Julio Cesar Cortez for hikes not only in the rates but also in the subsidy that the government (?pays) to the automotive park owners.

For its part, the board of directors of the Cundinamarca Workers Federation has stated that the measure is unpopular and seriously harms the interests of users and their families, who receive only minimal wages with which to attend to their most pressing needs.

Meanwhile, police headquarters No 100 confirmed a few minutes ago that serious clashes are taking place at this very moment in a residential and commercial sector of Ciudad Kennedy and at the intersection of 1 de Mayo Avenue and 68th Street.

According to the report, the windows of the [name indistinct] store and the Popular Bank have been totally destroyed while at least seven buses have been stoned. The (Sinalto) Company's bus No 177, with license plate [numbers indistinct], has been stoned and set on fire by agitators at the intersection of 68th Street and 1 de Mayo Avenue.

The police have not yet confirmed whether or not there are casualties but several persons have reportedly been arrested.

At least some 50 policemen and army units are currently trying to control the situation, one of the most delicate reported so far in Bogota, according to the report released by police headquarters No 100.

More Violence Reported

PA120105Y Bogota Radio Cadena Nacional in Spanish 1730 GMT 11 May 78 PA

[Text] Cali--A molotov cocktail was hurled at the mayor's office by angry students who are protesting the urban transportation fare hikes. The device was hurled at the office of Mayor Ernesto Gonzalez Caicedo and crashed into the windows of the city hall secretary's office, starting a fire which was quickly put out. Military and police detachments cordoned off the area to prevent the street disturbances from spreading to other areas in downtown Cali.

At the same time, the police had to tackle new action by the subversive M-19 movement. Two men and one woman took over an urban bus at midnight and set fire to it after asking the passengers to get off. The alleged M-19 members left behind much propaganda belonging to the terrorist group. No one was injured in this new M-19 incident in Cali.

Panic gripped thousands of people downtown when groups of uncontrollable students began hurling bombs and rocks at public buildings and business establishments. Cali Mayor Gonzalez Caicedo said several bombs exploded at at least three businesses in downtown Cali. One device exploded at the Colseguros building in Caicedo Plaza and another at the Savings and Housing Corporation. The groups responsible for these acts quickly broke up. Confusion in downtown Cali at noon caused a disruption of traffic. Some urban transportation service is being provided right now.

It was reported from Yumbo that seven people had been arrested as a result of the violent rock-throwing incidents reported in that municipality in the past few hours. Two buses were burned and seven others were severely damaged during the incidents. The police had to deploy reinforcements to Yumbo to prevent further rioting.

The military intelligence services today spotted guerrillas in the street disturbances that have taken place in several cities within the country to protest transportation fare hikes. The investigation services confirmed that several buses were taken over by members of the clandestine M-19 Movement and the Popular Liberation Army.

According to the official report, the urban guerrillas have mixed in with the students to throw rocks at the public service buses. The Defense Ministry reported that military detachments have been ordered to maintain a close watch on the major cities within the country to put a halt to the wave of agitation.

NATIONAL NUCLEAR RESEARCH PROGRAM DESCRIBED

PY091930Y Asuncion ABC COLOR in Spanish 6 May 78 p 16 PY

[Excerpt] Jose Danilo Pecci, director of the National Atomic Energy Commission [CNEAP], stated yesterday that Prof Paul Bory, member of the Grenoble Atomic Energy Center--an organization with which a preliminary agreement for technical assistance from the French Atomic Energy Commissariat has been reached--arrived on Thursday, 4 May, as part of a program of foreign cooperation. The preliminary agreement will first provide for training of personnel for uranium surveys; secondly, it will provide for everything related to the issues regarding radiological security and irradiation; and finally, it will provide for technical assistance for the future nuclear research center, for which the first plan has already been prepared.

Pecci added: "The commission is also engaged in the study of uranium from the commercial point of view. As has already been reported, the government has granted the U.S. firm Anschutz the concession for surveying, prospecting and exploiting radioactive materials which may be found in Paraguayan territory. Our task in this regard, according to the law establishing the CNEAP, is to supervise this work. That is why we asked the International Atomic Energy Energy Agency in Vienna to send an expert and equipment. A specialist is now working at the Basic Sciences Institute. He is training six students, who will be the future supervisors of the work performed by Anschutz."

We asked: What specific activities will the CNEAP carry out in our country?

Pecci answered that the activities will involve peaceful uses: mainly agriculture, through the application of isotopes; and medicine, through training personnel for diagnosis and treatment. In medicine, for example, radioactive iodine is utilized for diagnosis of thyroid problems, and cobalt bombs for the treatment of certain types of cancer or malignant growths. "In the field of medicine, we also prepare radiopharmaceuticals, such as tagged albumin, sodium iodide and others. We also work on radiation protection for people who work in nuclear laboratories and on the already mentioned important item of uranium prospecting and exploitation."

According to Pecci, a large number of experiments are being implemented in the agricultural field. Experiments are also being carried out in food preservation, using neutron sources.

Jose Danilo Pecci concluded by discussing progress in the nuclear field in Paraguyay, indicating: "Our commission is only developing plans for research and application of nuclear energy in agriculture, medicine, chemistry and anything that has to do with specific uses. We have not entered the electric field, since our country has a large potential in hydroelectric energy and this effort would be useless. We also completely reject the possibility of research in the arms field, thanks to nonproliferation commitments which the government has signed, so we are not talking nor will we talk of atomic weapons, for example."

IMPORTANCE OF U.S MARKET TO DRUG TRAFFIC NOTED

PY092024Y Asuncion PATRIA in Spanish 7 May 78 p 5 PY

[Editorial: "Drug Traffic"]

[Text] If physical and moral health is one of the inalienable human rights, then we can state that this right is being violated in Latin America by elements from abroad. A pathetic case is now arising in Colombia, but other countries have already suffered the same experience.

Let us explain. Drug addiction is considered one of the most degrading scourges of humanity. That is why drug trafficking is considered a wicked crime and is fought as such by law in all civilized countries. In addition, there are numerous international agreements to combat it throughout the world.

According to reports from various sources, the United States is one of the world's principal drug markets--the reason for the U.S. authorities' unyielding tenacity in the struggle against this nefarious traffic.

However, we should point out that the United States cannot tackle the problem as if it were the passive victim of external aggression. The international importance of U.S. drug traffickers, because of their organization and financial resources, has been repeatedly proven through various means. They are, after all, the ones who carry out large transactions and control distribution, and also plan the itineraries and means for narcotics traffic. When they insist on blaming Latin Americans they are distorting the true problem, which is really created by the terrifying demand of the large consumer markets which--as we said--include the United States. It is in these markets that the temptation of the "big deal"--with its corresponding organization of purchases abroad, of their transportation to the market, of the drugs' access to the consumers, and even of "sales promotion" through the recruitment of new consumers--is rampant.

Naturally, drug traffic also needs an organization just as complex, or even more complex, outside the consumer market--in our example, the United States--for the production, preparation, storage, transportation and entry of the narcotics into the consumer country. However, this organization cannot prosper without a demand large enough to cover costs, risks and funds reserved for any kind of emergency, such as raids, abandonments, arrests and confiscations. Therefore, there can be no doubt that it is the consumer market which encourages drug production and promotion, either directly or through third parties.

These are just some points which should be cleared up now because of the current importance of the issue, resulting from the notoriety given to Colombia in this field--as had been done with other countries earlier--and especially because of the activities carried out in Latin America by U.S. elements. In addition to being very serious crimes, these activities violate human rights.

The AFP news agency filed a report from Bogota that "Vietnam war pilots are entering Colombia daily on suicide flights to carry cocaine to the United States." According to the same source, "officials of the Colombian Air Force and members of the country's civil aviation stated that dozens of small planes are flying throughout the eastern plains, the northern coast and southern regions of that country on suicide missions." It adds: "The planes carrying the drug fly at night, without aids or lights, defying storms, and always arriving at their destination to pick up the drug or marihuana and carry it to the United States."

Since the report mentions the daily flights of "dozens of planes" and the existence of some 300 clandestine airstrips, we can better understand the sensational headline of a few days ago. It concerned the capture of almost 700 tons of marihuana in a border region between Colombia and Venezuela called Guajira. According to the AFP dispatch, which included the opinion of Colombian authorities, it is "the largest marihuana seizure ever to take place anywhere in the world." The value of the merchandise on the illegal market was estimated at $300 million. That gives an idea of the organization, the resources and means which are necessary for such a "deal." Along with some other facts, it also gives an idea of the location of the headquarters from where drug traffic is controlled.

That is why we believe that the United States cannot consider itself the passive victim of this criminal business. The greatest encouragement for this business is a sufficient market which builds the organization and directs the traffic. From the perspective of combatting the crime and defending violated human rights, there is no point in switching things around. The events which take place outside the United States are promoted, financed and directed from that country--from the clandestine headquarters of the narcotics business.

BRIEFS

MICROWAVE NET--Asuncion, 19 Apr--The new microwave net which will improve Paraguay's communications with Argentina and Brazil will begin operation in June and September 1978. The microwave system between Asuncion and Paso de Patria will begin operating in June and will directly link Paraguay with Argentina. This system is expected to be used during the soccer World Cup competition in Argentina by combining it with the satellite earth station which has recently begun operation. [Paris AFP in Spanish 1606 GMT 19 Apr 78 PY]

NUCLEAR COMMISSION APPOINTED--The executive branch has appointed today the members of the National Atomic Energy Commission. They are Jose Danilo Pecci; Juan F. Facetti; Hector Blas Ruiz; Capt Cibar Caceres Aguilera (ret) and Antonio Adam Nill. [Text] [Asuncion ULTIMA HORA in Spanish 21 Apr 78 p 10 PY]

BRITISH CREDIT AGREEMENT--A $20-million credit agreement has been signed between the Central Bank and a British trade mission. The credit, for 8 years with an interest rate of between 7 and 8 percent, will be offered to small- and medium-sized industries. [Asuncion ABC COLOR in Spanish 21 Apr 78 p 10 PY]

LABOR DEFENSE COMMITTEE CREATED--Implementing recommendations of the 13th National Workers Congress, the Paraguayan Workers Confederation has created the Labor Union Defense Committee (CODESI) as an ancillary organization to the executive committee of the Paraguayan Workers Confederation. The members of CODESI are Modesto Ali, Sotero Ledesma, Salvador Vera, Enrique Benitez, Eduardo Benitez, Juan Tomas Lopez and Candido Benitez Mora. [Asuncion HOY in Spanish 22 Apri78 p 11 PY]

ISRAELI EMBASSY TO CLOSE--The Israeli Embassy in Asuncion will be transferred to Montevideo. According to Ambassador Avraham Sarlouis, the change of site is due to economic reasons alone. He expressed his hope that another embassy can be opened in Paraguay in the near future. [Asuncion HOY in Spanish 5 May 78 p 12 PY]

U.S. SUPPORT NOTED DURING RADBILL-VANCE MEETING

PY091339Y Lima Domestic Service in Spanish 1200 GMT 9 May 78 PY

[Text] Secretary of State Cyrus Roberts Vance expressed his government's most decided support in seeking quick solutions to the current difficulties being experienced by Peru.

This offer of support was made to Jose de la Puente Radbill, the Peruvian foreign minister, during a meeting of these two gentlemen at the State Department where they discussed political and economic matters of mutual interest.

Vance said that the U.S. support would be channeled through bilateral channels [words indistinct] international organizations in order to contribute toward a quick solution of the current difficulties which Peru is facing.

At the conclusion of the meeting, the Peruvian foreign minister told Vance that he was very happy with the demonstration of support [words indistinct] in seeking new forms of cooperation with Peru. The meeting was frank and cordial.

The foreign minister will meet today at [time indistinct] with W. Michael Blumenthal, the U.S. treasury secretary.

RADBILL DISCUSSES FINANCES WITH BLUMENTHAL

PY101501Y Lima Domestic Service in Spanish 1200 GMT 10 May 78 PY

[Text] Peruvian Foreign Minister Jose de la Puente Radbill held an extensive and frank talk with U.S. Treasury Secretary W. Michael Blumenthal. A diplomatic source indicated that the meeting apparently confirmed the U.S. clear desire to support Peru.

This was the last meeting held by the foreign minister with officials from President Carter's administration during his visit which began 5 days ago. The foreign minister gave a detailed explanation about the economic and financial problems which Peru is facing and expressed his esteem for the financial cooperation already implemented by the United States for Peru. He suggested that this cooperation might be increased through the financial agencies of the U.S. Government.

Blumenthal said that the U.S. administration would intensely seek this increase. Blumenthal said that he has a very clear idea about Peru's financial problems and that he has well-founded hopes that Peru will overcome them in view of the human and natural resources [words indistinct].

The Peruvian foreign minister held a meeting with U.S. personalities to whom he gave a detailed explanation [words indistinct] of the reality of his country. [passage indistinct]

POLICE BREAK UP LIMA TEACHERS DEMONSTRATION

PY111552Y Santiago Chile Radio Mineria Network in Spanish 1030 GMT 11 May 78 PY

[Text] Lima--Local police used tear gas to break up a street demonstration by government teachers in support of a strike which began on Monday. The demonstrators, who wanted to march to Government House, started at the Peruvian Education Workers Union which had ordered the strike for better salaries and reinstatement of dismissed teachers. The teachers, who marched in five columns, were intercepted and dispersed a few blocks from union headquarters by police officers.

RESULTS OF PERUVIAN-CHILEAN COOPERATION MEETING

PA111754Y Lima EXPRESO in Spanish 7 May 78 p 5 PA

[Text] Beginning 1 August, visas will be issued free of charge for Peruvian and Chilean travelers crossing the border, thus eliminating the currently required paperwork.

Gen Enrique Valdes Puga, the vice minister of foreign relations of Chile, announced this yesterday before returning to Santiago after having participated in the third meeting of the mixed commission for Peruvian-Chilean cooperation held here last weekend.

"Several very positive agreements on promoting the development of our nations were adopted at this meeting," said Valdes at the airport.

The meeting also ratified a previous agreement signed in Santiago, Chile, which approved a basic scientific-technical cooperation agreement.

In addition, it was also agreed to establish a cultural exchange program since this is considered an "essential vehicle for strengthening the close bonds of friendship that join our peoples," he added.

"Ready for signing," said General Valdes, "are agreements on tourism and on the transit of persons and vehicles between Peru and Chile."

They may be ratified by Chilean Foreign Minister Hernan Cubillos, who will be arriving in Lima sometime between 14 and 16 June, the general added.

The fourth meeting of the commission will be held in Santiago, Chile, within 6 months to study thoroughly matters such as social security, commercial exchange, overland transportation, communication and other issues.

PRESIDENT MORALES COMMENTS ON VARIOUS ISSUES

Bolivia's Landlocked Problem

PA111240Y Paris AFP in Spanish 2312 GMT 10 May 78 PA

[Text] Lima, 10 May (AFP)--President Francisco Morales Bermudez reasserted here today "Peru's support for Bolivia's just aspiration to solve its landlocked problem." Official sources said that the president made this statement when receiving the credentials of new Bolivian Ambassador Walter Montenegro Soria.

The president said that his administration will always be ready to give its support whenever the occasion arises "based on its desire to promote a permanent solution in regard to aspirations for peace, integration and development."

Morales emphasized that integration continues to be the most positive means to obtain developmental goals and the unavoidable historical destiny of the union of Latin America.

He warned that today's world demands a constant and united effort on the part of the undeveloped countries so that they can overcome problems affecting the integral development of their peoples, "the attainment of which has an essentially humanistic character and which is the goal of their governments."

In this regard, the chief of state emphasized that the path of cooperation leads to the fulfillment of this desire for development and the satisfaction of the interests shared by the two countries.

While receiving the credentials, Morales said that this ceremony "reaffirms once again the solid ties uniting Peru and Bolivia--countries with the same origin, history and beliefs concerning justice and peace." He then offered Montenegro the most ample support for the success of his diplomatic mission and reasserted his friendship with Bolivian President Gen Hugo Banzer.

The Bolivian ambassador emphasized the dedication of his diplomatic mission "to the unshakable purpose of sooner or later solving" the present Bolivian landlocked problem.

He said that the solution will be reached "with objectives inspired by the highest principles of peace, justice and socioeconomic development of common interests such as those expressed in the historical Ayachucho declaration."

The presentation of credentials was made this afternoon at the 3 October Hall of the Government Palace.

The president was accompanied by Interior Minister Div Gen Luis Cisneros Vizquerra, who is acting foreign minister.

Relations With Bulgaria

PA111205Y Paris AFP in Spanish 0153 GMT 11 May 78 PA

[Text] Lima, 10 May (AFP)--Peruvian President Francisco Morales Bermudez today stressed the good relations existing between Peru and Bulgaria upon receiving the credentials of new Bulgarian Ambassador Nisin Cohen.

Morales Bermudez noted that Peru and Bulgaria maintain similar, although not identical, positions on current international problems.

Ambassador Cohen conveyed to the chief of state the greetings of Bulgarian State Council Chairman Todor Zhivkov and stated that he will work to consolidate "the good and friendly relations" existing between Peru and Bulgaria.

Border Integration With Ecuador

PA111329Y Paris AFP in Spanish 0159 GMT 11 May 78 PA

[Text] Lima, 10 May (AFP)--President Francisco Morales Bermudez today pointed out the efforts that Peru and Ecuador are carrying out to promote border integration.

This evening, in receiving the letter of accreditation of the new Ecuadorean ambassador to Peru, Miguel Vasco, the chief of state noted that the integration system the two countries have patiently and faithfully developed over the past 10 years represents an example for Latin America.

The president admitted that "neighborliness implies that problems and situations must be studied with a fresh outlook." He stated that he trusts that "we will be able to march jointly on the road that will lead us to relations based on cooperation" and that this "will fulfill the rights and aspirations of our nations."

The new Ecuadorean ambassador stated that his country and Peru "should practice good-neighbor policies" and seek "pragmatic permanent solutions to common problems." The ambassador said that he will not spare any effort to reach these goals since relations between neighboring countries offer great opportunities but sometimes present problems that must always be managed in "a delicate and careful manner."

The accreditation ceremony took place at the Government Palace in accordance with protocol.

PETROLEUM PRODUCTION REGISTERS INCREASE

PA111230Y Lima EXPRESO in Spanish 7 May 78 p 4 PA

[Text] National petroleum production registered an increase of 10,000 barrels a day in April in comparison with March production figures. Average production in April was 150,000 barrels a day compared to 140,000 barrels a day in March. National consumption is approximately 126,000 barrels a day.

The increase is due to the expansion of the operations of Occidental Petroleum, a company under contract with the government, which during that period produced 61,000 barrels a day from Lot 1-A in the northern jungle.

The oilfields being worked by the State Petroleum Agency (PETROPERU) in the northwest and in the jungle produced 60,100 barrels a day. Belco, another company under contract which operates on the continental shelf, produced 28,800 barrels a day.

According to the contracts with Belco and Occidental, 50 percent of their production belongs to PETROPERU. Therefore, 105,000 barrels a day of the total national production of 149,500 barrels a day belongs to the state enterprise.

PETROPERU's jungle oilfields--Pavayacu, Corrientes (Trompeteros) and Yanayacu--produced an average of 26,500 barrels a day. This does not include the Capirona field which has not yet entered into production since pumping systems and other equipment are still being installed.

AGRICULTURE MINISTER REVEALS REQUEST FOR AID LOAN

PA090221Y Paris AFP in English 0151 GMT 9 May 78 PA

[Text] Lima, Peru, May 8 (AFP)--The Peruvian Government has requested a 35-million-dollar loan from the American Agency for International Development (AID) to upgrade technology for making rural generating stations, Agriculture and Food [as received] Minister General Luis Arbulu announced today.

The minister, speaking at a farm fair in Huancayo, 300 km (200 miles) east of Lima, pledged that the government would spare no effort to consolidate its planned agricultural reform.

He said the government's main concern was with strengthening agricultural businesses and small and medium-sized [word indistinct].

General Arbulu also announced a draft law to create an integrated system for commercializing food products to be aimed at "eradicating the intermediaries."

NATIONWIDE VOTING RESULTS TO BE RELEASED 14-15 JUNE

PY091403Y Lima Domestic Service in Spanish 1200 GMT 9 May 78 PY

[Text] The results of the 4 June constituent assembly elections in the Lima metropolitan area will be released on the same day. The results at the national level will be released on 14 on 15 June, according to (Osvaldo Corpanchi), secretary general of the National Electoral Court.

It was reported that the greatest delay will be due to the fact that the 152 electoral records to be submitted by as many provincial electoral commissions will be minutely reviewed by the National Electoral Court. [Passage indistinct] in sending the necessary electoral material to the provinces.

MINING BANK TO BE REORGANIZED

PY101744Y Lima Radio La Cronica in Spanish 1200 GMT 10 May 78 PY

[Text] (David Ballon Vera), president of the Peruvian Mining Bank, disclosed that this entity will be reorganized in order to convert it into a specialized entity for financing mining operations. He indicated that the entity is currently the coordinating link with the Economy and Finance and the Energy and Mines ministries and that with the contributions of these two ministries the reorganization of the banking entity will be approved.

(Ballon Vera) disclosed that the reorganization will seek to place more emphasis on financial operations without neglecting support of the miners in the technical field.

BRIEFS

AIR FORCE CHIEF RETURNS--Gen Luis Galindo Chapman, air force chief of staff, has returned to the country after having made an official visit to Argentina. [Lima Domestic Service in Spanish 1200 GMT 11 May 78 PY]

PIPELINE DECLARED SECURITY AREA--The government yesterday declared as a state reserve the territory adjacent to the main pipe of the northern branch of the Peruvian oil pipeline and the annex recollection systems in order to guarantee that it is operated under maximum security measures and to avoid interferences which might cause difficulties and damage. The reserve area, declared through Law No 22,180, includes territory in the (?northwestern) departments of Amazonas, Cajamarca, Lambayeque and [words indistinct]. [Text] [Lima Domestic Service in Spanish 1200 GMT 10 May 78 PY]

NOTE TO CZECHOSLOVAKIA--It was reported from Prague that President Francisco Morales Bermudez sent a note of congratulations to the president of Czechoslovakia on this country's Freedom Day, its national day. [Lima Domestic Service in Spanish 1200 GMT 10 May 78 PY]

DOCK TO BE EXPANDED--The Belco Petroleum Corporation of Peru will expand the dock of Talara port. The dock was built toward the end of 1970 and will offer every type of safeguard for shipping with its expansion. [Lima Radio La Cronica in Spanish 1200 GMT 10 May 78 PY]

MINES MINISTRY REPORTS 1977 OIL EXPORT PICTURE

PA1117OOY Caracas EL NACIONAL in Spanish 5 May 78 p 7D PA

[Text] Last year there were no meaningful changes in Venezuela's oil export structure, according to an analysis reported by the Ministry of Energy and Mines. Heavy crude and residual fuel oil exports continued to have an impact on the overall volume [of exports] which was lower than that achieved in 1976.

The ministry has revealed the following analysis of Venezuelan exports:

1. Venezuelan exports of crude oil and refined products in 1977 totaled 724,617,000 barrels, which is 63,182,000 barrels or 8 percent less than in 1976.

2. Crude oil exports in 1977 totaled 66.5 percent of all exports while [refined] products totaled 33.5 percent.

3. Crude oil exports dropped by 3.9 percent during the 1976-77 period, totaling 482,172,000 barrels in 1977. Analyzing crude exports according to type, however, it can be noticed that heavy crude exports increased by 27,981,000 barrels, that is, 20.8 percent, and totaled 162,638,000 barrels in 1977. Heavy crude exports totaled 33.7 percent of overall exports in 1977 and 26.8 percent in 1976.

In 1977, medium crude exports totaled 124,044,000 barrels and light crudes totaled 134,144,000 barrels, which is 26,643,000 barrels (16.6 percent) and 23,579,000 barrels (14.9 percent) less, respectively, than the export volumes reported in 1976.

Exports of condensed crude totaled 2,510,000 barrels, which is 334,000 barrels or 15.3 percent more than in 1976.

In turn, reconstituted crude exports increased by 551,000 barrels as compared to 1976.

4. Exports of oil byproducts totaled 242,445,000 barrels in 1977, which represents a drop of 43,826,000 barrels or 15.3 percent as compared to 1976 figures.

Residual fuels were still the major export item in 1977 and totaled 72.9 percent of product exports [exportaciones de productos] and 24.4 percent of overall exports.

Residual exports in 1977 totaled 176,643,000 barrels, 119,676,000 barrels of which were residuals with high sulfur content and 56,967,000 were residuals with low sulfur content.

A comparison of residual export figures in 1977 and 1976 shows the following reductions: residuals with high sulfur content--33,952,000 barrels (22.1 percent); residuals with low sulfur content--11,100,000 barrels (16.3 percent). All told, the reduction in residual exports totals 45,052,000 barrels (20.3 percent).

Exports of liquified gas in 1977 totaled 19,378,000 barrels, that is, an increase of 3,477,000 barrels or 21.9 percent as compared to 1976.

LOPEZ-PORTILLO AUTHORIZED TO VISIT USSR, BULGARIA

PA1116 32Y Madrid EFE in Spanish 0400 GMT 11 May 78 PA

[Excerpts] Mexico City, 10 May (EFE)--The Mexican Congress today authorized President Jose Lopez-Portillo to make an official trip to the USSR and Bulgaria in mid-May, it has been reported in this capital.

After the relevant proceedings were completed, the Chamber of Deputies High Commission unanimously granted the chief executive constitutional permission to leave the country. In the request for permission that he presented to the Congress, President Lopez-Portillo pointed out the growth in cooperation between Mexico and the Soviet Union that could result from his trip.

"There are signed agreements," he added, "which provide the basis for a mutually beneficial exchange in areas such as the transfer of science and technology, the use of energy resources, trade exchange and air transportation."

The Mexican president gave assurance that Bulgaria is "a nation which offers many possibilities for economic and cultural exchange."

Even though the number of days that President Lopez-Portillo will stay in the Soviet Union and Bulgaria or the official agenda of his trip has not been disclosed, it was unofficially reported today that his departure has been scheduled for 15 May.

It was also reported that the Mexican president will probably stay in the Soviet Union from 16 to 25 May and then visit Bulgaria from 26 to 29 May.

SEPTEMBER LEAGUE MEMBERS, POLICE CLASH IN MONTERREY

FL112116Y Mexico City INFORMEX in Spanish to ANSA Buenos Aires 2110 GMT 11 May 78 FL

[Text] Mexico City, 11 May (ANSA-INFORMEX)--The police today reported that a shootout has taken place in the city of Monterrey, 950 km northeast of this capital, between members of the 23 September Communist League and police.

According to the report, the authorities have received information on the existence of a 23 September League safehouse located in a central Monterrey district and proceeded to raid it. Members of the league detected the arrival of police and a shootout ensued without casualties on either side. However, a league member fled taking a student as hostage.

Local and federal police have undertaken an intensive search for the fugitive but so far have been unable to capture him.

Police found inside the raided house a printing machine, copies of the newspaper MADERA which is published by the clandestine organization, five homemade bombs and many weapons, including submachineguns.

STUDENT LEADER CALLS FOR PURGE OF GOVERNMENT

PA1114S1Y Panama City Radio Exitosa in Spanish 1245 GMT 11 May 78 PA

[Statement by Mario Panther, secretary general of Federation of Panamanian Students, during "Canonero de Domplin" program--live]

[Text] We wish to tell our people that the national student movement--all the federated associations of our always glorious Federation of Panamanian Students--is on the alert. It is watching to see how the problem of Colon is resolved. The manner in which the problem of Colon is resolved will determine the course that the revolutionary process will take.

We have great confidence in the course that the revolutionary process will take. We have great confidence that this struggle for national liberation will be deepened. We have great confidence in the patriotic leadership of commander Torrijos.

However, we have reached the conclusion--and this was noted in the final document of the national meeting on 28 April--that the time has come to clean our house. The hour has come to weed out of the government that which is backward and corrupt. We believe that it is necessary to protect the leaders of the process. We believe that the popular movement must be concerned with making sure that the patriotic and honest participants in the process are at no time infected by those who, entrenched in the government during these years, have been guilty of abuse, those who have been enriching themselves while betraying the postulates of the revolutionary struggle in Panama.

We believe that this task must be carried out without sectarianism of any kind. This task must be carried out with the participation of all honest and patriotic citizens. Enough of corrupt persons entrenched in the bosom of the government. For this reason, the actions taken by the Federation of Panamanian Students [FEP] now and in the future should not cause surprise. The FEP wants a leadership which is completely honest and patriotic.

The time has come to weed out of that leadership those who have been betraying the interests of the process, those who have failed to respond to commander Torrijos' patriotic call.

The FEP is on the march and nothing and no one can stop it.

FIRST PHASE OF OIL EXPLORATIONS UNSUCCESSFUL

PA1102115Y Panama City Televisora Nacional in Spanish 2315 GMT 10 May 78 PA

[Excerpt] Dr Daniel Esquivel, director general of the Mineral Resources Department, has told Televisora Nacional that the petroleum explorations in Banco Volcan, 40 miles northwest of Colon, have ended. The technical objectives of the exploration were fulfilled but without finding the existence of hydrocarbons.

The first phase of the explorations being carried out by the Panama exploration company, a subsidiary of Texaco, lasted for 1 month at a cost of 40,000 balboas a day. The company is undertaking the explorations on the basis of a contract signed with the national government in 1975 to investigate five zones in the Atlantic off Colon Province. The company will invest 3 million balboas during a 7-year period. If the operation is successful, the contract calls for a 20-year period for exploitation operations.

Dr Esquivel said that a study will now be made of the results of the first phase of the operation to decide if it is advisable for the company to continue explorations off the Colon coast.

BRIEFS

NEW SALVADORAN AMBASSADOR--New Salvadoran Ambassador to Panama Col Carlos Infante Guerra arrived in Panama yesterday and was received by Santiago O'Donnell, deputy director of protocol. [Panama City Circuito RPC in Spanish 1720 GMT 5 May 78 PA]

COPPER MINING STUDY--The Cerro Colorado Copper Mine feasibility study will be delivered at the end of the month. Considered to be the fourth largest cooper mine in the world, Cerro Colorado will require an investment of 1.4 billion balboas, a spokesman for the Mining Development Corporation, a state firm created in August 1975, reported this morning. The corporation added that the government is seeking funds for the project all over the world. [Panama City Circuito RPC Television in Spanish 2300 GMT 5 May 78 PA]

DELEGATION TO CUBA--Analida Lopez Levy, a high-ranking official of the Panamanian Foreign Ministry, will head the delegation that will visit the Cuban Ministry of Foreign Relations for the purpose of studying and evaluating the that illustrious government's diplomatic service. The delegation is comprised of officials of our Foreign Ministry, professors, students and former students of the University of Panama's School of Diplomacy. [Text] [Panama City LA REPUBLICA in Spanish 8 May 78 p 7A PA]

POLISH SCHOLARSHIP--The Polish People's Republic has offered to the national government, through the Human Resources Education and Training Institute, a scholarship for an economist who would participate in an advanced economicplanning course. Applicants to this scholarship must know the English language and mathematics and must have a university degree in economics. [Panama City Domestic Service in Spanish 2230 GMT 8 May 78 PA]

MALARIA FIGURES--Health Ministry Authorities reported today that only the provinces of Panama, Darien and Bocas del Toro are included in the health map as regions where malaria cases continue to appear. The National Service for the Eradication of Malaria said that 674 cases were registered in Panama in 1977 but that in most of those cases the disease was picked up in other countries of Latin America. [Panama City Domestic Service in Spanish 2230 GMT 10 May 78 PA]

COSTA RICA

FOREIGN MINISTER DISCUSSES FISHING ISSUE, SANDINISTS

PA120133Y San Jose Radio Reloj in Spanish 1730 GMT 11 May 78 PA

[Interview with Costa Rican Foreign Minister Rafael Angel Calderon Fournier, date and place not given--recorded]

[Text] [Calderon Fournier] We are already holding talks with department heads in order to obtain information on current events. We will continue doing this today and tomorrow so we know about all Foreign Ministry matters still pending.

[Question] Regarding the Central American Tropical Tuna Commission, have you sent a letter to the ambassador and are you prepared to negotiate and study with the U.S. Government the Costa Rican position with regard to this treaty?

[Answer] We have been informed that the U.S. Government has told the Costa Rican Government that it would like to begin talks and negotiations on tuna-related problems. Yesterday I had the pleasure of receiving Ambassador Weissen in my office and we gave him a formal note from the Costa Rican Government informing him that we are pleased because the U.S. Government wants to initiate, as soon as possible, talks on tuna-related problems, since this coincides with our position. We have respectfully suggested to the U.S. Government the first week of June to begin talks on this subject.

[Question] What will you, as minister, do regarding the Sandinists who entered the country at the end of the previous administration and who have not been given political asylum yet? What will be your policy with regard to this Nicaraguan group?

[Answer] Our policy toward all the citizens of the world who may request asylum in Costa Rica will be to review each case and, if conditions allow it, asylum will be granted. If the asylum request does not fulfill the requirements, it will be rejected by the Foreign Ministry. This is in general our policy toward all the exiles of the world. We will ask political exiles not to intervene in our domestic affairs and not to organize or train in Costa Rica to overthrow any friendly government.

We will, of course, maintain our traditional right of asylum. Exiles will be able to work and live here. They will be able to enjoy Costa Rican hospitality, but we will ask that there be no meddling in our domestic affairs and that they do not organize any action aimed at overthrowing any friendly government.

[Question] What is the status of Ernesto Claramont's request for asylum?

[Answer] I have just been informed that this request was presented to the Foreign Ministry on 3 May. We will study Ernesto's request and we will make an announcement in this regard in the next few days.

[Question] Will you or any representative of the government go to Panama for the canal treaty ratification ceremony?

[Answer] This afternoon I will have the pleasure of receiving in my office the foreign minister of Panama. We will discuss matters related to Gen Omar Torrijos' visit to Costa Rica and matters related to the treaty ceremonies.

[Question] We have been thinking about an interesting issue regarding [word indistinct] between Costa Rica and Nicaragua on trying to mark the boundaries in the border region since the present situation has resulted in some problems, especially some years ago.

[Answer] There is a treaty in effect. There is no conflict as far as territory is concerned. Our plans are to continue placing markers in order to delimit the border between Costa Rica and Nicaragua. I talked about this with the foreign minister of Nicaragua when we had the opportunity to chat during the inauguration of President Rodrigo Carazo.

[Question] What is the position of this government with regard to Belize?

[Answer] At this moment the government has not adopted any stand toward the Belize case. We are creating a Foreign Ministry advisory commission to begin studying, or to continue studying, the Belize problem. You know that the conflicting parties are at present negotiating the Belize affair. Costa Rica's best wishes are that the sides in conflict may soon solve the situation in a manner satisfactory to all.

EL SALVADOR

PRESIDENT ROMERO MAY MAKE VISIT TO CHILE

PA111210y Paris AFP in Spanish 0151 GMT 11 May 78 PA

[Text] San Salvador, 10 May (AFP)--Salvadoran President Carlos Humberto Romero confirmed today that he has received an invitation from President Augusto Pinochet to visit Chile on a future date. The Salvadoran chief of state told AFP that he has still not decided if he will accept the invitation. He described the rumor that he will visit Chile on 20 August as false.

POPULAR ACTION FRONT CALLS OFF RED CROSS SIT-IN

PA111725Y Panama City ACAN in Spanish 1633 GMT 11 May 78 PA

[Excerpt] San Salvador, 11 May (ACAN-EFE)--The members of the Unified Popular Action Front (FAPU) who seized the San Salvador offices of the Red Cross 14 days ago left them on Wednesday night. The leftist organization had demanded the help of the International Red Cross in establishing contact between alleged Salvadoran political prisoners and their relatives.

Last Friday the Red Cross executive council decided to abandon the offices and placed the responsibility for the properties in the hands of FAPU. Yesterday afternoon the leaders of the squatters called Red Cross executives and told them of their decision to leave the building after turning over the property to the Red Cross.

On Saturday FAPU announced that the occupants had declared a progressive hunger strike, but did not say who would stage it. Three Red Cross ambulances participated in the evacuation operation last night.

NICARAGUA

FOREIGN MINISTRY REPORTS DEPARTURE OF ASYLEES

PY111715Y Managua NOVEDADES in Spanish 9 May 78 p 12 PA

[Text] The Foreign Ministry reported yesterday that six persons who were in asylum at the Mexican and Costa Rican embassies have left for those countries during the past 48 hours with safe-conducts issued by the Foreign Ministry.

On Sunday afternoon Costa Rican Embassy officials accompanied Pedro Gonzalez Proveda and Jose Rodolfo Palacios Briones to Las Mercedes International Airport so that they could depart for Costa Rica.

Meanwhile, on Monday safe-conducts were issued to Donald Concepcion Valesquez Quintanilla, Roberto Carlos Garcia Garcia and Francisco Hollman Benaceth to travel to Mexico.

The Foreign Ministry issued the safe-conducts to these six persons after investigating their cases. Lately it has been determined that persons who have not been politically persecuted have been requesting asylum in order to attract attention at the embassies and then travel abroad free of charge.

RADIO MUNDIAL REOPENED AFTER 15-DAY CLOSURE

PA100330Y Panama City ACAN in Spanish 0230 GMT 10 May 78 PA

[Text] Managua, 9 May (ACAN-EFE)--The Nicaraguan radio and television directorate reopened Radio Mundial today. It was closed 15 days ago. The radio station had been closed as a result of a trial held by the radio office against a newscast broadcast by the station.

Initially, Radio Mundial had been closed for 3 months "for being a repeat offender," but Government Minister Antonio Mora subsequently reduced the penalty to 15 days in reaction to a popular campaign against the closing of the station. Nevertheless, the station's "El Momento" newscast will have to continue its 3-month suspension for having broadcast a report which the army command considered "slanderous." The report dealt with the army's operation in the Indian neighborhood of Monimbo in the city of Masaya in February when the civilian population rebelled.

Radio Mi Preferida and Radio Futura were suspended for 1 day last week for having broadcast reports on incidents at the Ruben Dario University in Managua which the radio office said were "false."

PARENTS, STUDENTS REPORT REPRISALS AGAINST STUDENTS

PA111338Y Managua Radio Corporacion in Spanish 0400 GMT 11 May 78 PA

[Excerpt] It has been reported to our offices that students are being harassed by certain professors and fellow students for having participated in the recent student strike. Parents associations of the various national institutes and the association of high school students of Managua have reported that reprisals are being carried out against the students. Parents have said that their children are being given grades of five or six in conduct when they are identified as having participated in the occupation of schools. The students have complained that certain directors have denied them the right to organize, alleging that this right was abolished by the Education Ministry 2 years ago. According to the students, reprisals are being taken primarily at the following schools: (Ramiro Follena), Modesto Armijo, Rene Schik, the National School of Commerce and others.

CONTINUED REPORTAGE ON CONGOLESE DELEGATION

Reception by Yhombi-Opango

FL111322Y Havana Domestic Service in Spanish 1202 GMT 11 May 78 FL

[Text] Commander in Chief Fidel Castro, first secretary of the PCC Central Committee and president of the Council of State and Council of Ministers, attended the reception held last night by Brig Gen Joachim Yhombi-Opango, chief of state and government of the People's Republic of the Congo. Members of the PCC Politburo, Secretariat, Central Committee and the rest of the delegation from that fraternal African country also attended the event.

Visit to Matanzas

FL112357Y Havana Domestic Service in Spanish 2300 GMT 11 May 78 FL

[Nelson Notario Castro telephone report]

[Excerpts] Brig Gen Joachim Yhombi-Opango, chairman of the Congolese Workers Party Military Committee, chief of state and chairman of the Council of Ministers of the People's Republic of the Congo, this morning and part of the afternoon visited the Mantanzas genetics [livestock] enterprise. He was accompanied by his delegation and our commander in chief, Fidel Castro, first secretary of the PCC Central Committee and president of the Council of State and Council of Ministers, and other Cuban party and government officials.

At this Matanzas enterprise, Joachim Yhombi-Opango was received by Julian Rizo Al rez, member of the PCC Central Committee and party first secretary in this province; and Jose Llanusa Gobel, director of the enterprise and member of the provincial party committee. At the enterprise offices located in the Guanabana area, Llanusa gave a general explanation of the project. Thereafter, various aspects of livestock cooperation between Cuba and the Congo were emphasized.

In the course of today's talks in which our commander in chief, Julian Rizo, Cuban Agriculture Minister Francia Mestre, his Congolese counterpart Llanusa and other genetics enterprise workers participated, the PCC first secretary issued instructions to expand livestock cooperation [with the Congo]. He also explained certain technical-material details.

Joachim Yhombi-Opango was introduced to two of the enterprise workers who have returned from assistance work in the Congo and to a technician who will leave for Ngouabi's fatherland in a few days.

Regarding conditions for livestock development in the People's Republic of the Congo, our Commander in Chief Fidel Castro pointed out: [begin Castro recording] There are very interesting data. The animals have resisted...the animals are producing more than here. Legumes grow wild. There is another factor: The climate appears to be bearable [words indistinct]. The land belongs to the state. It is flat. It now remains to be confirmed how it [words indistinct--end recording]

Later, Joachim Yhombi-Opango, accompanied by his delegation, Commander in Chief Fidel Castro, Julian Rizo and Jose Llanusa Gobel, briefly visited dairy farm No 3 and calves-breeding center No 2. The group then went to the community of Triunvirato, where workers of the enterprise live.

Castro Remarks

FL120050Y Havana Domestic Television Service in Spanish 0000 GMT 12 May 78 FL

[Fidel Castro's explanation to Congolese leader Joachim Yhombi-Opango of promotion of cooperatives in Cuba during 11 May visit to Matanzas livestock breeding farm--recorded]

[Text] Approximately 80 percent of the land is state farms and 20 percent belongs to individual peasants. And since the first [party] congress and in accord with peasant associations, we have been promoting the development of cooperatives in that 20 percent of private land because, undoubtedly, we cannot apply technology in property that is very divided--irrigation plans, sugarcane, for example, for which one needs large areas to use harvesters [words indistinct]. And even to build a dairy farm of, let us say, some 280 cows, one would need approximately 9--no, you would actually need a little more than 100 hectares to develop it correctly and adequately. And it cannot be done in small plots of land. That is why, in addition to the great advances we have achieved in agriculture, we are trying to promote cooperatives among the independent peasants who have plots of land, and they now occupy approximately 20 percent of the land.

RADIO FLAYS S. AFRICAN ATTACK IN NAMIBIA, ANGOLA

FL111314Y Havana Domestic Service in Spanish 1045 GMT 11 May 78 FL

[Revolutionary Armed Forces and Interior Ministry combatants political information program commentary]

[Text] Unconditional withdrawal by South Africa from illegally occupied Namibia is the only way to adequately resolve the problem of the future of that country. The Pretoria racists, helped by the major imperialist powers, continue committing crimes and villanies against the Namibian people. They use that territory to violate the integrity of other neighboring nations, fundamentally Angola.

A few days ago the South African regime launched a military operation against Cassinga, a town in southern Angola. They bombarded and shot at the inhabitants and at a Namibian refugee camp.

The aggression by the South Africans is another step in the stratagem orchestrated by several Western powers, headed by the United States. These are the governments that give financial and military aid to Pretoria, as is the case of France, FRG and Britain. They tried to drag the South-West African Peoples Organization [SWAPO], the organization that legitimately represents the Namibian people, into a negotiated solution of the conflict. During the talks, at which the aforementioned countries are also trying to make the Namibian patriots accept South African presence and hegemony, the racists' criminal operation took place.

In response to the action, SWAPO decided to withdraw its delegation from the talks. One has to note: Perhaps the South African regime's crimes, aggressions and vandalism are linked to the Western powers' policy against the peoples of Africa. Who is helping Pretoria? Who is investing capital in South Africa? Who is selling weapons to the Vorster regime? Who is making nuclear plants available to South Africa and encouraging it to produce atomic bombs'

The result of the negotiated solution contrived by the imperialists for Namibia has no other purpose than to contain the armed struggle by that nation's patriots and create conditions for South Africa to reinforce its occupation.

In the last 3 months, more than 40 Namibian citizens were killed by the racists. The South Africans killed more than 600 people in the aggression against Namibians and Angolans, carried out on Angolan land. It is obvious that the true purpose is to eliminate SWAPO fighters and sympathizers, establishing a climate of terror and fear in the population to impose onerous conditions on that African people.

There is a revealing fact: While the United States, France, Britain, the FRG and Canada were calling on SWAPO to negotiate, those same countries abstained from voting in favor of the final documents of the special session on Namibia. The United Nations, at a General Assembly meeting, agreed to demand and adopted measures to achieve the definitive and unconditional withdrawal of South Africa from Namibian territory. It called on the Security Council to put the economic sanctions and the petroleum and arms embargo against the apartheid regime into practice.

The sponsors of negotiated settlements, countries that are at the same time Security Council members, revealed themselves through these agreements. The UN General Assembly reaffirmed Namibia's right to self-determination, independence and its people's freedom, and reiterated that South African occupation of its country is illegal. The aforementioned governments abstained from voting on the agreements of the highest international organization, which was approved by 119 countries, among them the USSR and other socialist nations. Political circles opined that the abstention once again shows the support for the Vorster regime's criminal apartheid policy and plans to maintain Namibia under colonial rule.

RAUL ROA GARCIA ARRIVES IN MOSCOW

For reportage on the visit of Raul Roa Garcia, member of the Council of State and vice president of the National People's Government Assembly to the USSR, see the Latin America & Caribbean section of the 11 May Soviet Union DAILY REPORT and subsequent issues.

EDUCATION MINISTER RETURNS FROM SPAIN

FL111743Y Havana Domestic Service in Spanish 1832 GMT 11 May 78 FL

[Text] Jose Ramon Fernandez, minister of education and member of the PCC Central Committee, arrived in Cuba early this morning from Spain following a brief stay in that country at the invitation of Spanish Education Minister Inigo Cavero.

During his visit to Spain, the Cuban education minister was received by King Juan Carlos, with whom he had a talk at Zarzuelas Palace. During his 3-day stay in Spain, Fernandez also visited various Spanish education and research institutions.

The Cuban education minister's official visit to Spain made possible a broad exchange of experiences and opinions and the establishment of bases for future Cuban-Spanish cooperation in educational matters.

CUBA PRESENTS ACTION PROGRAM AT GENEVA HEALTH MEETING

FL111035Y Havana Domestic Service in Spanish 1000 GMT 11 May 78 FL

[Text] In Geneva, Switzerland, where a nonalined and developing countries meeting on health is being held, the Cuban delegation chairing the sessions has presented an action program which, once approved, will become part of the agenda of the sixth nonalined summit.

Cuban Public Health Minister Jose Gutierrez Muniz is chairing the conference, and the Cuban delegation is headed by Deputy Minister Jorge Aldereguia.

Expressing his thanks for the appreciation Cuba received for preparing the action program, Minister Gutierrez Muniz stated that all participating countries are convinced of the need to eliminate the inequality shown to exist in the world in the health field. He stressed that the meeting should make an effort to set up close ties of cooperation between the nonalined countries and the developing nations to accomplish these objectives.

NATIONAL ASSEMBLY COMMITTEE EXAMINES BILLS

FL112146Y Havana Domestic Service in Spanish 2130 GMT 11 May 78 FL

[Text] The National People's Government Assembly Constitutional and Juridical Affairs Committee, which is headed by Justice Minister Armando Torres Santrayll, today began a meeting to examine, among other matters, proposed changes additions to the draft penal code. The draft code was submitted for discussion by the people throughout the country by resolution of the National Assembly in December 1977. Once examined by the committee, the draft will be submitted for consideration by the highest state government organ during its next ordinary session.

The Constitutional and Juridical Affairs Committee also is examining the draft children and youth code, which likewise will be submitted for discussion and approval by the National Assembly at the same session. Other documents which the committee has to examine include several draft bills such as the territorial limits law, one on decorations and another on benefits for workers who are taking higher education courses.

MILIAN STRESSES CAUJERI VALLEY DEVELOPMENT

FL120127Y Havana Domestic Service in Spanish 0106 GMT 12 May 78 FL

[Text] PCC Politburo member Arnaldo Milian Castro has underscored the efforts being made for the socioeconomic development of Cuajeri valley in San Antonio del Sur Municipality, Guantanamo Province. The party leader made such a statement after holding a meeting with the presidents of cooperatives created in that area about which he was informed on their composition, efforts and future plans. The Politburo member was informed that Caujeri valley has 90,000 cubic meters of damned water and that the tile works located in that area is expected to produce 140,000 bricks this month.

Later, Arnaldo Milian, accompanied by Guantanamo party and agricultural leaders, visited several cooperatives in Caujeri valley.

AGRAMONTE DEATH ANNIVERSARY MARKED IN JIMAGUAYU

FL111954Y Havana Domestic Service in Spanish 1932 GMT 11 May 78 FL

[Text] The national commemorative event marking the 105th anniversary of the death in combat of Maj Gen Ignacio Agramonte y Loinas was held today in the fields of Jimaguayu. It was presided over by PCC Central Committee members Faustino Perez and Facundo Martinez Vaillant.

Faustino Perez delivered the main speech and recounted Agramonte's revolutionary history, stressing his abilities as organizer and military strategist as demonstrated in the continuous victories of his troops in Camaguey territory. Perez also recalled historic events of the war and asserted that Agramonte's example is present in the revolutionary work we are doing. The Central Committee member underscored the effort being made by the people of Camaguey, who are truly responding to Fidel's exhortation during the centennial of the hero Agramonte when he requested a new machete charge like those of Agramonte's cavalry.

Early in the morning thousands of Camagueyanos gathered before the monument in Jimaguayu which perpetuates the memory of Ignacio Agramonte, and Revolutionary Armed Forces officers laid floral wreaths. As the invasion march was played, a column of pioneers consisting of 300 outstanding children arrived there along the route which Agramonte had taken. These children on 9 May began a symbolic trek along the route taken by the independence troops under the command of Agramonte.

Osvaldo, Jorge and Ignacio Agramonte--grandsons of the major general--and specialists of the socialist camp working in Camaguey, as well as Playa Giron and international combatants, participated in the solemn ceremony.

Lazaro Vasquez, second secretary of the party provincial committee in Camaguey, among others, also presided over the ceremony, which marked the end of activities undertaken throughout the country for the 105th anniversary of Agramonte's death in combat.

CDR DEPUTIES-COORDINATOR SEMINAR OPENS IN HAVANA

FL101843Y Havana Domestic Service in Spanish 1815 GMT 10 May 78 FL

[Text] Maria Teresa Malmierca, national deputy coordinator of the Committees for the Defense of Revolution--CDR, has spoken at the national seminar of CDR deputies-coordinator which opened in Havana City this morning. She referred to the principal aims of the meeting. The CDR leader said that deputies-coordinator at every level play a very important role in the implementation of policies of the CDR National Directorate. She also referred to the importance of controlling costs in order to achieve self-financing of the organization and thereby fulfill one of the resolutions of the First CDR Congress.

Maj Vicente Campo of the Revolutionary Armed Forces--FAR--Political Directorate made a special presentation at this morning's session. He discussed the tasks of the CDR and FAR.

BRIEFS

GDR TRADE UNION OFFICIAL--Herbert Bischoff, secretary of the GDR national culture trade union, has visited places of historic interest in Santiago de Cuba Province. The GDR trade union delegation, which includes (Rosa Maria Menger), member of the union's secretariat, arrived in Santiago accompanied by Jacinto Villamontes, secretary general of the Cuban National Cultural Workers Trade Union. [Havana Domestic Service in Spanish 1823 GMT 11 May 78 FL]

JAMAICA

HUNGARIAN TEAM TO STUDY COOPERATION WITH NPA

FL081552Y Kingston DAILY GLEANER in English 3 May 78 p 15 FL

[Text] An eight-man team from Hungary arrived over the week-end to work out with the National Planning Agency [NPA] ways in which the technical and scientific co-operation agreement betwen Hungary and Jamaica might be put into effect.

According to sources close to the government, areas of co-operation now being examined include the setting up here of a bicycle factory by the Hungarians on a joint venture basis. This was being looked at because market surveys had shown that a large market for bicycles existed in Jamaica and other parts of the Caribbean.

Other arcas offering possibilities for co-operation, the sources said, were co-operatives, establishment of a factory for processing cassava into flour, fish-farming and vegetable-growing.

It is believed that the team includes a number of specialists in project evaluation who will co-operate with the NPA in finalising details of a work programme.

The team's visit, which was announced earlier by the parliamentary secretary in the Ministry of Foreign Affairs, Mr. Derrick Heaven, is a follow-up to undertakings given in the technical and scientific co-operation agreement signed by the two countries during the visit to Hungary earlier this year by Prime Minister Manley.

TRINIDAD & TOBAGO

AUSTRIAN FOREIGN MINISTER ARRIVES FROM CARACAS FOR VISIT

PA081210Y Madrid EFE in Spanish 0220 GMT 8 May 78 PA

[Text] Port-of-Spain, 7 May (EFE)--Austrian Foreign Minister Willibald Pahr arrived in Port-of-Spain today from Caracas on the third and last leg of his Latin American tour. The Austrian foreign minister has already paid official visits to Mexico and Venezuela. He spent Saturday and part of Sunday on a private visit in Venezuela.

Trinidad and Tobago External Affairs Minister John Donaldson received Pahr at the airport together with Eustace Seignoret, the Trinidad and Tobago ambassador to Austria, and other officials. Pahr and his country's ambassador here, Richard Wotava, who is also ambassador to Venezuela, held their first meeting with Trinidad and Tobago Prime Minister Eric Williams, who was accompanied by John Donaldson, minister of external affairs and national security.

Trinidad and Tobago President Ellis Clarke will receive the Austrian foreign minister tomorrow, Tuesday [as received], a short time before the initiation of a round of talks between the members of the visiting delegation and several Trinidad and Tobago cabinet ministers. Trinidad and Tobago Petroleum and Mines Minister Errol Mahabir will host a luncheon for Pahr, who will then visit three important Trinidad and Tobago corporations. This will be followed by a reception hosted by Donaldson.

Pahr is accompanied by Luidwig Steiner, director general of the Austrian Foreign Ministry's Political Affairs Department, his cabinet chief, Anton Prohaska, and his press secretary, Eugene Freund.

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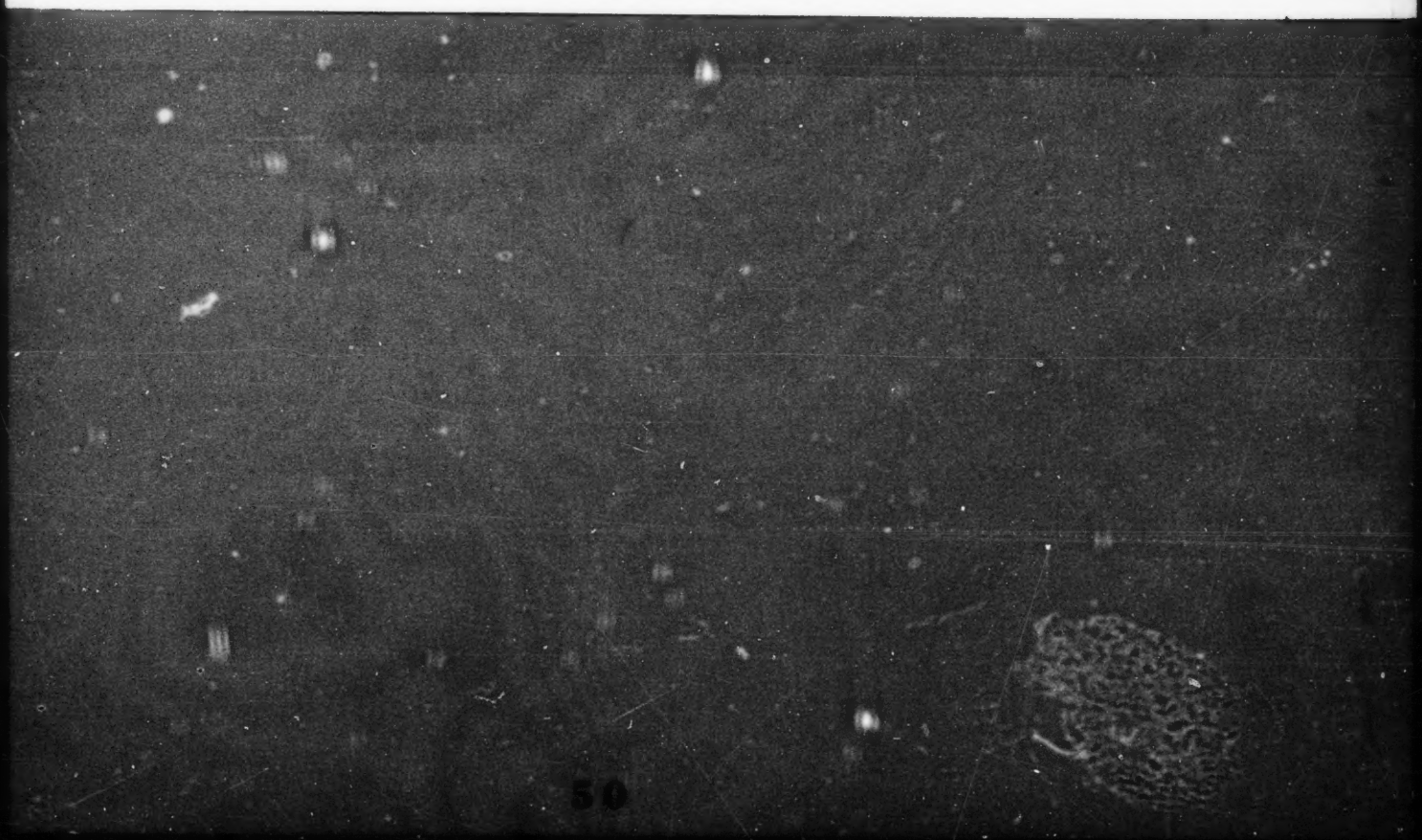
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